

Sunset Public Hearing Questions for
STATE INSURANCE COMMITTEE
Created by Section 8-27-201, *Tennessee Code Annotated*
(Sunset Termination, June 20, 2020)

1. Provide a brief introduction to the State Insurance Committee, including information about its purpose, statutory duties, staff, and administrative attachment.

RESPONSE: The State Insurance Committee is authorized in T.C.A. 8-27-201. The principal duty of the Committee as outlined in 8-27-202 is to approve a group insurance plan for state and higher education employees that consists of one or more basic health plans, a basic term life, basic accidental death and dismemberment benefit and voluntary benefit plans as may be necessary and reasonable. The Committee is authorized to determine the premiums, benefits package, funding method, administrative procedures, eligibility provisions, and rules relating to the plans. Additionally, the Committee approves the Plan Document which is a formal outline of the plan of benefits and sets out an appeals process as authorized in the statute.

Administratively, the State Insurance Committee is attached to Benefits Administration within the Department of Finance and Administration. Benefits Administration provides the personnel and other appropriate resources to the State Insurance Committee to assist in carrying out its responsibilities. Benefits Administration also provides similar support to the Local Education and Local Government Insurance Committees.

2. Provide a current list of committee members and explain how membership complies with Section 8-27-201, *Tennessee Code Annotated*. What procedure is used to select the state employees on the committee and how is the selection procedure coordinated with the Consolidated Retirement System Board of Trustees as required by Section 8-27-201(b)(1), *Tennessee Code Annotated*?

RESPONSE:

- *Stuart McWhorter, Commissioner, Department of Finance and Administration
- *Juan Williams, Commissioner, Department of Human Resources
- *Julie McPeak, Commissioner, Department of Commerce and Insurance
- *David Lillard, State Treasurer
- *Justin Wilson, Comptroller of the Treasury
- *Sen. Bo Watson, Chair, Senate Finance, Ways and Means Committee
- *Rep. Susan Lynn, Chair, House Finance Ways and Means Committee
- *Randy Stamps, Tennessee State Employees Association
- **Rob Chance, state employee representative, higher education
- *** Michelle Consiglio-Young, state employee representative
- *** Todd Campbell, state employee representative

*specifically outlined in TCA 8-27-201 (a) and (b)

** TCA 8-27-201 (2) states one state employee shall be an employee of either the University of Tennessee or the state university and community college system selected under a procedure developed by the Tennessee higher education commission and approved by the state insurance committee.

***TCA 8-27-201 (b)(1) states two state employees shall be selected in accordance with a procedure adopted by the state insurance committee. The chair of the state insurance committee and the chair of the consolidated retirement system board of trustees may develop a procedure to coordinate the process for selection of state employee members to this entity.

Election Process – The State Insurance Committee adopted the attached State Insurance Committee State Employee Member Selection Procedure at its meeting of August 25, 2017. See Attachment A.

3. Are there any vacancies on the committee? If so, please indicate how long the position has been vacant and explain any steps that have been taken to fill any vacancies.

RESPONSE:

There are currently no vacancies on the State Insurance Committee.

4. How many times did the committee meet in Fiscal Year 2018 and to date in Fiscal Year 2019? Please note any meetings where the committee did not have a quorum.

RESPONSE:

The State Insurance Committee met on the following dates:

July 28, 2017

August 25, 2017

October 27, 2017

April 27, 2017

May 24, 2018

June 28, 2018

August 23, 2018

February 21, 2019

May 23, 2019

There was a quorum at each meeting.

5. What per diem or travel reimbursements do committee members receive? How much was paid to committee members in Fiscal Year 2018 and to date in Fiscal Year 2019?

RESPONSE: Members are reimbursed in accordance with the Department of Finance and Administration Policy 8 - Comprehensive Travel Regulations (Revised September, 2018).

https://www.tn.gov/content/dam/tn/finance/documents/fa_policies/policy8.pdf

No members requested reimbursement of travel expenses.

6. What were the committee's revenues and expenditures for Fiscal Year 2018 and to date in Fiscal Year 2019? Does the committee carry a fund balance? If yes, please provide additional relevant information regarding the fund balance.

RESPONSE: The State Insurance Committee itself receives no revenues and incurs no expenditures during the course of its operation. Revenues and expenses for the State Plan are reported in the Comprehensive Annual Financial Report (CAFR) as employee group insurance fund in the internal service funds.

The Division of Benefits Administration reports to the State Insurance Committee information concerning plan revenues and expenditures for the plans on a calendar year basis as benefits and premiums are determined on that time period. During FY 2018, the State Plan collected over \$800 million in premiums and paid out over \$705 million in health insurance benefits and over \$38 million in expenses. As of March 31, 2019, the State Plan collected over \$588 million in premiums and paid out over \$607 million in health insurance benefits and over \$31 million in expenses.

7. Is the committee subject to Sunshine law requirements (Section 8-44-101 et seq., *Tennessee Code Annotated*) for public notice of meetings, prompt and full recording of minutes, and public access to minutes? If so, what procedures does the committee have for informing the public of its meetings and making its minutes available to the public? Does the committee allow for public comment at meetings? Is prior notice required for public comment to be heard?

RESPONSE: The State Insurance Committee is subject to Sunshine law requirements for public notice of meetings. Effective in 2017 and years thereafter, the Committee voted to approve a schedule of regular meetings for the following year. The schedule of regular monthly meetings is posted at the beginning of each year on the state website calendar of events and on the BA website. Additionally, the State Insurance Committee meetings are live streamed for viewing by the public. Effective January 1, 2019 approved minutes are posted on the Division's website under the "Insurance Committees" heading. The Committee does not have a formal comment policy. People seeking to speak before the Committee have made requests to address the Committee before the meeting.

8. In addition to the disclosure requirements placed on some *ex officio* members of the committee at Section 8-50-501, *Tennessee Code Annotated*, does the committee have any policies in place to address potential conflicts of interests by committee members, committee employees, or other state employees who work with the committee in any capacity?

RESPONSE: There is no specific requirement in state statute regarding the Insurance Committee members and conflict of interest. Committee members are subject to the general conflict of interest statute, TCA 12-4-101. In addition, Commissioners and Constitutional Officers are required to make disclosures of income and conflicts of interest under TCA 8-50-501 and 2-10-115, which includes some but not all Committee members. Committee members do not sign annual written disclosure agreements. Benefits Administration employees who work on procurements follow the Central Procurement Office's Policy Number 2013-009 on business conduct & ethics and are required to complete an annual attestation stating that the employee will not participate in any portion of a procurement where a potential conflict of interest exists.

9. Has the committee established rules and regulations as authorized in Section 8-27-101(d), *Tennessee Code Annotated*, and what is the citation for the rules?

RESPONSE: No. The Committee has not promulgated rules and regulations as authorized in 8-27-101(d). As noted above, the Committee approves the Plan Document, which governs the administration of the State Plan and details plan eligibility and benefits available through the Plan. The State Plan document is found on the Partners for Health website here:
<https://www.tn.gov/content/dam/tn/finance/fa-benefits/documents/spd2019.pdf>

10. Briefly describe each of the contracts the committee has entered into with insurance companies, claim administrators, or other organizations as authorized at Section 8-27-103, *Tennessee Code Annotated*?

RESPONSE: Please see Attachment B.

11. Section 8-27-102, *Tennessee Code Annotated*, provides that the committee may delegate to a subcommittee or to the Division of Benefits Administration the ability to resolve disputes regarding eligibility and enrollment for the plans and the benefit structure of the plans administered by the committee. How has that authority been delegated and what policies or procedures are in place to facilitate the dispute resolution process and assure the fairness of the process?

RESPONSE: The State Insurance Committee delegated in August 1991 to Benefits Administration the ability to resolve disputes regarding eligibility and enrollment for the plans. The Affordable Care Act requires that treatment or medical claim denials

be reviewed by an independent review organization after the carrier appeals are exhausted by the member. Therefore, treatment and/or medical claim denials are not reviewed by Benefits Administration.

The Benefits Administration Review Team (BART) reviews disputes regarding eligibility and enrollment for the plans. Please see Attachment C for a description of this process.

12. What have been the committee's major accomplishments during Fiscal Year 2018 and to date in Fiscal Year 2019? Please provide relevant information related to requirements listed on 8-27-202 through 8-27-210, *Tennessee Code Annotated*.

RESPONSE: The state insurance committee's key responsibility is to approve the group insurance plan, including determining the premiums, benefits package, funding method, administrative procedures, eligibility provisions, and rules relating to the plans. In order to fulfill this responsibility, the Committee makes decisions to ensure a comprehensive, affordable and sustainable package of benefits. Through prudent fiscal and programmatic management the Committees kept premium increases below market, while offering excellent benefits. Specific accomplishments include:

- During FY 2018, the Committee approved a 4% premium increase for CY2018. For CY2019, active and retiree premiums were separated in order to implement the other postemployment benefit (OPEB) trust. For 2019, this separation resulted in a premium reduction of 9.4% for active employees and premium increase of 3.5% for retirees.
- Launched short-term and long-term disability benefits in January 2018
- Expanded options for the Diabetes Prevention Program (DPP)
- Completed competitive procurements for Decision Support System, Benefits Consulting and Actuarial Services, ParTners Health and Wellness Center and Population Health and Wellness services
- In 2018, the new population health and wellness program was initiated, with incentives for member engagement in healthy behaviors.
- Coordinated the planning and implementation of the OPEB trust for the state and higher education plan. This trust became operational on January 1, 2019.
- Completed the creation of a single Insurance & Benefits and Partners for Health website to improve member and customer communications
- Improved customer service by adding a real-time chat feature to phone and email interactions and the ability to upload applications and supporting documentation directly into our customer support system.

13. What reports does the committee prepare on its operations, activities, and accomplishments? Who receives copies of these reports? Please provide a link to any such reports issued in Fiscal Year 2018 and to date in Fiscal Year 2019.

RESPONSE: On behalf of the Committee Benefits Administration prepares an annual report covering the activities of all three Insurance Committees. The Annual Reports are prepared every calendar year, as benefit and premium changes, if approved, occur every calendar year. Data reflecting cost and utilization are reported in the Annual Report and reflect the year's experience. The Annual Report also includes relevant financial information from the most recent CAFR. The 2018 annual report has not yet been prepared, as the calendar year cost and utilization data are not available in our datawarehouse until May, due to normal claims runout timing. The most recent Annual Report is found on the Partners for Health website here: https://www.tn.gov/content/dam/tn/finance/fa-benefits/documents/2017_annual_report.pdf

Pursuant to Section 5 Part A of the Council on Pensions and Insurance State Insurance Committee Policy Document as referenced in TCA 8-27-203(A)(3), the Commissioner of Finance and Administration reports to the Council the annual benefit design, premiums, premium supports, changes in dependent eligibility, funding structures, services provided under the plans, and new optional health plans and voluntary plans as approved by the State Insurance Committee. This report is presented in writing to the Council on Pensions and Insurance within 30 days following the action(s) of the State Insurance Committee. Please see Attachment D for the latest four Council Reports.

14. Describe any items related to the committee or its activities that require legislative attention and your proposed legislative changes. Are any changes needed in the committee's enforcement powers or in level of regulatory activity?

RESPONSE: None at this time.

15. Should the committee be continued? To what extent and in what ways would the absence of the committee endanger the public health, safety or welfare?

RESPONSE: The State Insurance Committee acts much like the board of directors for a large scale insurance plan for the provision of benefits to over 145,000 state and higher education employees, retirees, and their covered dependents. The Committee is an effective mechanism for establishing direction, both administrative and financial, to provide and maintain health insurance plans to these eligible members. Health insurance is a vital component of the employee's total compensation. Through the work of the Committee, the state and higher education agencies are able to offer a competitive and sustainable health insurance benefit. Without a competitive health insurance benefit, the state and higher education institutions would not be able to recruit and retain the workforce necessary to fulfill their respective missions.

ATTACHMENT A

State Insurance Committee State Employee Member Selection Procedure

- I. Term of Service. All state employee terms are for a three-year period. State employee members who leave state employment are no longer eligible to serve on the Committee.
- II. State Employee Selection (non-higher education representatives)
 - A. Selection for the Committee.
 1. Initial selection for the two state employee seats shall be filled through an initial election process for three-year terms held concurrently.
 2. Initial election shall mean the election held to fill two state employee representative seats at the beginning of a new three-year term.
 3. BA may coordinate the election of two state employees with the process used by the Tennessee Consolidated Retirement System for the Board of Trustees.
 4. To qualify to run in the election, an employee must be a member in the State Plan and must not directly report to a standing, ex officio or appointed member of the Committee. As staff to the State Insurance Committee employees of Benefits Administration are not eligible to run for election.
 5. Each potential candidate must secure on a qualifying petition the endorsement of twenty-five state employees who are participants in the State Plan. A brief biographical summary, no more than one-page, should be returned with the completed qualifying petition. BA will provide the petition form and verify that candidates and their petition signees are enrolled in the State Plan.
 6. Electronic ballots will be prepared and distributed to non-higher education employees. Qualified employees are permitted to vote for two candidates.
 7. From the results of the election, BA shall record and retain the list of the top five employees receiving the most votes. The two employees receiving the highest number of votes shall be selected to serve, provided that:
 - The two elected employee members shall not be employed by the same department or agency at the time of the election. If two employees from the same department or agency receive the two highest number of votes, the employee receiving the highest number of votes shall be elected and the employee receiving the next highest number of votes from a different agency or department shall be the second employee elected to serve on the State Insurance Committee, and
 - During the course of their term, should one of the two elected employee members move to an agency that employs the other elected employee member, the elected employee member changing agencies shall not be disqualified from serving the remainder of their term.
 - B. Vacancy of State Representatives. TCA 8-27-201(b)(3)
 1. In the event of a vacancy of a state employee representative within the first twelve (12) months of the employee's term the eligible employee who received the highest number of votes during the initial election, who was not originally elected, and who is from a different agency than the remaining employee representative, shall become the second state representative for the duration of the three year term.

ATTACHMENT A

2. In the event of a vacancy of a state employee representative during the 13th through 30th months of the term BA shall conduct an election using the same procedure as the initial election for an employee representative to fulfill the duration of the unexpired term of the employee who vacated the position.
3. In the event of a vacancy of a state employee representative within the 31st through 36th months of the term, the position will remain vacant until the next regularly scheduled election for state employee committee members.

III. Higher Education Representative

A. Initial Selection.

1. Pursuant to §8-27-201(b)(2), the selection procedure for the higher education representative shall be a request made by BA to the THEC Executive Director for a nominee to serve on the State Insurance Committee.

B. Vacancy of Higher Education Representative.

1. In the event of a vacancy of a higher education state employee representative, BA shall make a request to the THEC Executive Director for an employee to fulfill the duration of the unexpired term.

ATTACHMENT B

Benefits Administration 2019 CONTRACT SERVICES

VENDOR NAME	CONTRACT PURPOSE	START DATE	END DATE	IC Committee Approval
ActiveHealth	This contract helps members achieve their health goals by offering a variety of programs in which members can voluntarily engage. Services include disease management, wellness challenges, biometric screenings, as well as many other online resources.	8/1/2018	12/31/2023	State, Local, and Education Committee
ActiveHealth	This contract provides a voluntary weight management program for State Plan members.	8/1/2018	12/31/2023	State, Local, and Education Committee
AON Consulting Inc.	This contract provides actuarial, OPEB, and consulting services for the State Group Insurance Program.	10/1/2018	12/31/2024	State, Local, and Education Committee
Blue Cross Blue Shield of Tennessee	This contract provides self-insured PPO administrative services for State Group Insurance Program members for the East Grand Region.	9/1/2015	8/31/2022	State, Local, and Education Committee
Blue Cross Blue Shield of Tennessee	This contract provides self-insured PPO administrative services for State Group Insurance Program members for the Middle Grand Region.	9/1/2015	8/31/2022	State, Local, and Education Committee
Blue Cross Blue Shield of Tennessee	This contract provides self-insured PPO administrative services for State Group Insurance Program members for the West Grand Region.	9/1/2015	8/31/2022	State, Local, and Education Committee
Caremark PCS Health LLC	This contract provides pharmacy benefits manager (PBM) services for all members of the State Group Insurance Program.	12/15/2014	6/30/2020	State, Local, and Education Committee
CIGNA Health and Life Insurance Company	This contract provides self-insured PPO administrative services for State Group Insurance Program members for the Middle Grand Region.	9/1/2015	8/31/2022	State, Local, and Education Committee
CIGNA Health and Life Insurance Company	This contract provides self-insured PPO administrative services for State Group Insurance Program members for the East Grand Region.	9/1/2015	8/31/2022	State, Local, and Education Committee
CIGNA Health and Life Insurance Company	This contract provides self-insured PPO administrative services for State Group Insurance Program members for the West Grand Region.	9/1/2015	8/31/2022	State, Local, and Education Committee
CIGNA Health and Life Insurance Company	This contract provides self-insured PPO administrative services for State Group Insurance Program members across all regions of the State.	7/1/2016	6/30/2022	State, Local, and Education Committee
CIGNA Health and Life Insurance Company	This contract provides voluntary dental coverage for members of the State Group Insurance Program. It is fully funded by member premiums.	10/1/2015	12/31/2019	State, Local, and Education Committee
Davis Vision	This contract provides voluntary vision-coverage for eligible State Group Insurance Program members. It is fully funded by member premiums.	8/1/2017	12/31/2022	State, Local, and Education Committee

IBM Watson Health	Provides a data warehouse and decision support tool for all claims related to the State Group Insurance Program.	7/1/2018	12/31/2023	State, Local, and Education Committee
Metropolitan Life Insurance Company	The contract delivers voluntary short-term and/or long-term disability insurance to eligible State Plan members. It is fully funded by member premiums.	11/1/2016	12/31/2019	State Committee
Metropolitan Life Insurance Company	This contract provides Voluntary dental coverage for eligible members of the State Group Insurance Program. It is fully funded by member premiums.	10/1/2015	12/31/2019	State, Local, and Education Committee
Minnesota Life Insurance Company	This contract provided basic term life insurance, basic AD&D insurance, and optional AD&D insurance for members of the State Plan and is currently in run-out with no services being delivered.	9/23/2013	12/31/2019	State Committee
Minnesota Life Insurance Company	This contract provides basic term life, basic AD&D, voluntary term life, and voluntary AD&D insurance for members of the State Plan.	9/1/2017	12/31/2023	State Committee
Optum (United Behavioral Health)	Employee Assistance Program (EAP) and Behavioral Health Organization (BHO) for members of the State Group Insurance Program.	7/1/2016	6/30/2023	State, Local, and Education Committee
PayFlex Systems USA Inc.	This contract provides Health Savings Accounts for members of the State Group Insurance Program enrolled in a Consumer Driven Health Product (CDHP) and flexible benefits for State Plan members.	9/1/2015	12/31/2020	State Committee
Pomco Inc.	This contract provides administrative services for the State's self-insured Medicare Supplement Plan for Medicare eligible members of the State Group Insurance Program.	7/1/2016	12/31/2021	State Committee
Provident Life & Accident Ins	This contract provides underwriting and administrative services for the State Voluntary Universal Life Insurance Plan. This is a closed program that the Contractor will manage until no members remain in the Plan.	9/1/2005	12/31/2037	State Committee
University Community Health Services	This contract provides the administrative service for the onsite employee health center services to State Plan employees.	6/1/2018	12/31/2023	State Committee

ATTACHMENT C - Description of Benefits Administration Review Team Procedures

The Benefits Administration Review Team (BART) reviews disputes regarding eligibility and enrollment for the plans. BART consists of three Benefits Administration professionals who do not have a role in determining eligibility or enrollment for members. Requests for review are forwarded to the appeals coordinator by the Benefits Administration's service center, the plan member, or the employing agencies' agency benefit coordinator. Upon receipt of the written request for review, the appeals coordinator will date stamp the request and log its receipt on the case log. The appeals coordinator will read the request and research the issue and gather additional information, if necessary. Research includes, but is not limited to, the following:

- Review of related plan document language that was in place at the time of the issue,
- Review of eligibility and enrollment guides that were in place at the time of the issue,
- Obtaining recordings of all applicable call records and call notes,
- Contacting any persons that may have first-hand knowledge of the issue such as the employing agency benefit coordinator and human resources officer, plan member, or vendor account representatives,
- Review of any applicable TCA language, and when appropriate consulting with F&A Legal Counsel.

Once research is complete, the appeals coordinator prepares the appeal packet for distribution to the BART. The appeal packet will contain a brief summary of the issue and findings from the appeals coordinator's research, as well as, the original review request, and copies of all pertinent supporting documents. Information identifying the individual (name, member ID, address, employing agency, etc.) is redacted from all documents in the appeal packet. This process is in place to ensure that the individual gets a fair and unbiased review of his/her issue. The appeals coordinator provides the appeal packet to the BART at least 24 hours prior to the BART meeting.

The BART will review the appeals packet and direct any questions or requests for clarification to the appeals coordinator. The appeals coordinator will research and provide clarification to all team members. Team members are to refrain from discussing appeals prior to or outside the BART meetings. At the BART meeting, the appeals coordinator provides a brief overview of the facts of the appeal. BART members discuss the appeal and vote independently to either approve or deny the appeal. Each BART member must complete a ballot sheet and provide rationale for his/her vote. Decisions are based on majority vote. Once the decision has been determined, the appeals coordinator sends a letter to the individual as to the decision, rationale for the decision, and any appropriate supporting documentation of the decision (most likely plan document language).

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION

STATE INSURANCE COMMITTEE DECISIONS REPORT

DELIVERED PURSUANT TO SECTION 5 PART A OF
THE COUNCIL ON PENSIONS AND INSURANCE
STATE INSURANCE COMMITTEE POLICY
DOCUMENT AS REFERENCED IN
TCA 8-27-203(A)(3)

1900 WRS TENNESSEE TOWER
312 ROSA L. PARKS AVE
NASHVILLE, TENNESSEE
37243

DECISIONS MADE AUGUST 25TH, 2017

Premium Increases

Following a thorough analysis of the Medicare Supplement coverage, staff recommended a 0% rate increase in the Medicare Supplement rates. Director Lee noted that this was the second year the Medicare Supplement had not experienced a rate increase and advised that enrollment in the plan had increased by 7% between 2016 and 2017. The influx of younger retirees into the plan has helped mitigate the need for a rate increase.

Committee Action

Ms. Preston made a motion to approve the 0% premium increase. Commissioner Hunter seconded that motion, which passed with a unanimous roll call vote. The vote for the motion was as follows:

Neubert	yes	Hoffmeister	yes
Plunk	yes	Campbell	yes
Bachus	yes	Stamps	yes
Preston	yes	Hunter	yes
Watson	yes		

DEPARTMENT OF FINANCE AND ADMINISTRATION
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37243

DECISIONS MADE APRIL 27TH, 2018

Premium Holiday

The state health plan, managed by the State Insurance Committee, retains funds to pay claims for the plan, including adequate reserves in the event of unforeseen upward claims trend or in the event of plan closure. The State Insurance Committee takes action to address reserve surpluses when they occur.

Because the state plan currently holds surplus reserves, the State Insurance Committee voted to institute a premium holiday for 2018. A premium holiday will yield a reduction in revenue to the plan reserves. As the state plan is partially funded with federal dollars through departmental premium contributions, the premium holiday will spend down surplus reserves to a level more in line with federal targets for plan reserves. The premium holiday also represents a benefit to the state, plan members and federal agencies in proportion to their respective share in building the reserve surplus. The premium holiday will apply to active and retired state and higher education plan members. Staff indicated the premium holiday would be implemented in November 2018.

Committee Action

Commissioner Hunter made a motion to approve the premium holiday. Ms. April Preston seconded that motion, which passed with a unanimous roll call vote. The vote for the motion was as follows:

Martin	yes	Hunter	yes
Wilson	yes	Consiglio-Young	yes
Bachus	yes	Campbell	yes
Hoffmeister	yes	Stamps	yes
Preston	yes		

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203(A)(3)

DECISIONS MADE MAY 24TH, 2018

Recommended Benefit Design, Funding Structures and Services Provided Under the State Plan

Benefits Administration recommended that the Committee approve not implementing a population health benefit in 2018. This recommendation was made because the procurement for a new vendor was delayed by a protest and is still not completed. This delay effectively makes a 2018 implementation impossible.

Representatives from Benefits Administration gave a presentation on proposed benefit changes for 2019 to the State Insurance Committee. Benefits Administration recommended:

- Placing outpatient physical therapy outside of the deductible to remove cost barriers to effective non-surgical and non-pharmacy therapy for pain management. Additionally, outpatient occupational and speech therapy were recommended to be outside the deductible for consistency.
- Prorating maintenance medication copays for medication synchronization to facilitate improved medication adherence.
- Adding coverage for bone-anchored hearing devices deemed medically necessary by the claims administrators.
- Waiving the outpatient cardiac rehabilitation cost-sharing in an effort to increase compliance with physician recommendations.
- Implementing a disease management program and wellness program with incentives for employees and covered spouses of up to \$250 per person.
- Waiving the deductible for Medication Assisted Treatment (MAT) used to treat opioid use disorders when combining behavioral therapy and medications.

Premium Structure and Rates

Benefits Administration advised that the premium recommendations for 2019 for both the dental preferred provider organization (DPPO) and dental health management organization (DHMO) options were based on an analysis of plan performance, including plan dental loss ratio. Benefits Administration recommended a 2% premium increase for the DPPO and no premium increase for the DHMO product.

Aon Hewitt, the state's qualified independent actuary, presented information to support the recommendations for the medical premium structure and rates for 2019.

Benefits Administration recommended retaining current premium surcharge amounts (\$40/\$80) for the larger, statewide network option.

Benefits Administration, in conjunction with the Division of Accounts and Division of Budget of Department of Finance and Administration, recommended separating the active employee and retiree premium rates to support establishment of the Other Post-Employment Benefits (OPEB) trust authorized by the General Assembly in 2015. The active and retiree rates are currently blended, which results in active employee premiums subsidizing the retiree benefit.

Staff recommended setting the active employee rate to reflect the active employee experience only, resulting in a reduction to their rates. The reduction in the state's portion of active employee premiums will be used as a funding source for the OPEB trust to pay retiree claims. Staff further recommended keeping the retiree rate at its current level with an increase for 2019 based on the retiree medical trend blended with the lower active employee trend, which is our current practice. This blended trend means that retirees will not experience an adverse impact from separating the retiree rate from the active rate. The retiree premium increase for 2019 will be less than the 2018 increase. On an annual basis, actuaries will recalculate the state's actuarially determined contribution (ADC) required to fund current and future retiree costs, taking into consideration the funding from retiree paid premiums.

Based on the plan to operationalize the OPEB trust, Benefits Administration recommended a decrease of 9.4% in premium rates for active employees and a 3.5% increase in retiree premium rates.

Committee Action

Commissioner Hunter moved that the committee rescind approval of a population health and wellness benefit for 2018. The motion received a second from April Preston and carried unanimously via roll call vote.

Commissioner Hunter moved that the State Insurance Committee approve the staff recommendation for 2019 premiums for the DPPO and DHMO as presented. Treasurer Lillard seconded the motion which passed, with the following roll call vote:

Neubert	yes	Buckley	yes
Lillard	yes	Preston	yes
Hoffmeister	yes	Stamps	no
Hunter	yes	Watson	no
Campbell	no	Consiglio-Young	no

Commissioner Hunter moved that the committee adopt Benefits Administration's proposed benefit design changes for 2019. The motion received a second from April Preston and carried unanimously via roll call vote.

Commissioner Hunter moved that the committee adopt Benefits Administration's proposed premium structure and rate changes for 2019. The motion received a second from Brian Hoffmeister and carried via the following roll call vote:

Neubert	yes	Buckley	abstain
Lillard	abstain	Preston	yes
Hoffmeister	yes	Stamps	yes
Hunter	yes	Watson	abstain
Campbell	yes	Consiglio-Young	yes

DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION

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203(A)(3)

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37243

DECISIONS MADE AUGUST 23RD, 2018

Premium Structure and Rates

The State Insurance Committee holds the contract for all participants in the Tennessee Plan, which provides supplemental insurance to Medicare for eligible TCRS retirees. Laurie Lee, Executive Director of Benefits Administration, advised that sufficient funding for the Tennessee Plan is required to pay claims expenses, pay administrative fees, and establish reserves to account for claims incurred but not yet reported (IBNR). Based on analysis of the Insurance Committee's consulting actuary, Aon Hewitt, staff recommended a 0% premium increase effective January 1, 2019.

Committee Action

Senator Watson moved that the committee approve the staff recommendation for a 0% increase in Tennessee Plan rates for 2019. Mr. Rob Chance seconded the motion, which carried unanimously via voice vote.