

MEETING SUMMARY

STATE AND PUBLIC SCHOOL
LIFE AND HEALTH INSURANCE PROGRAM
LEGISLATIVE TASK FORCE

Tuesday, December 16, 2014
10:00 A.M.
Room 171, State Capitol
Little Rock, Arkansas

Senator Jim Hendren, the Chair of the State and Public School Life and Health Insurance Program Legislative Task Force, called the meeting to order at 10:00 a.m.

MEMBERS OF THE STATE AND PUBLIC SCHOOL LIFE AND HEALTH INSURANCE PROGRAM

LEGISLATIVE TASK FORCE IN ATTENDANCE: Senator Jim Hendren, Chair; Representative Harold Copenhaver, Vice Chair; Senator Cecile Bledsoe; Senator Eddie Cheatham; Senator Jason Rapert; Senator David Sanders; Representative Bill Gossage; Representative Allen Kerr; and Representative George McGill.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Jonathan Dismang; Senator Stephanie Flowers; Representative Ann Clemmer; Representative David Hillman; Representative Douglas House; Representative John Hutchison; Representative Sheilla Lampkin; and Representative Mark McElroy.

MEMBERS-ELECT OF THE GENERAL ASSEMBLY IN ATTENDANCE: Representative-Elect Michael John Gray.

Minutes:

Without objection, the minutes of November 13, 2014, were approved as written.

Exhibit:

Exhibit C – 11/13/14 Minutes

Senator Hendren announced that the State and Public School Life and Health Insurance Program Legislative Task Force would be meeting during the upcoming General Session. He remarked that this would be the last Task Force meeting for Representative Harold Copenhaver, Vice Chair, Representative James McLean, Representative Allen Kerr, and Representative Tommy Wren.

Update on the Fiscal Status of the Employee Benefits Division (EBD)

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander reviewed financials for both the ASE and the PSE plans, comparing the numbers from January 1, 2014 through November 30, 2014 with those from January 1, 2013 through November 30, 2013. He noted that both plans, even with expenditures in November for the Transitional Reinsurance Fee, have shown an improvement over the past year. Mr. Alexander furnished detailed 2015 enrollment information for the plans, updated information on HSA (Health Savings Account) enrollment, and updated requirements for the Wellness Program.

Issues Included in the Discussion:

- impact on premiums for 2016,
- clarification of viable insurance for spouses, and
- clarification of AGI (Adjusted Gross Income) of employee.

Handouts:

ASE and PSE November 2013 and 2014 Financials

Review of Proposed Legislation Related to State and Public School Employee Health Insurance

Presenter:

Ms. Alix Stephens, Staff Attorney, Bureau of Legislative Research, was recognized. Ms. Stephens discussed proposed legislation to address issues discovered since the Special Session. She reviewed each of eight individual drafts.

Contributor to the Discussion:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Senator Hendren commented that this is not an opportunity for the Task Force to discuss controversial bills. He said this is an opportunity for members to agree that certain draft bills contain technical changes and can be combined into one bill before going through the normal vetting process. He said if any member has an objection to the inclusion of a bill, that bill will be set aside.

Relevant Action:

The Honorable Cecile Bledsoe, State Senator, District 3, was recognized, and made a motion to turn draft bills ANS031, ANS032, and ANS048 into one technical adjustment bill. The motion was seconded by Representative Allen Kerr.

Pursuant to the motion by Senator Bledsoe, and without objection, the motion was carried.

Handouts:

Draft Bill ANS031
Draft Bill ANS032
Draft Bill ANS033
Draft Bill ANS034
Draft Bill ANS038
Draft Bill ANS047
Draft Bill ANS048
Draft Bill ANS049

Continued Discussion of Issues Related to Population Health Management and Health Data Analytics

Senator Hendren commented that at the last meeting, Mr. Richard Kersh made a presentation to the Task Force about doing a data-driven study of the Wellness Program. Senator Hendren noted that several members have concluded that this is an affordable study and could give the Task Force some valuable information on whether wellness programs work, whether they are cost-effective, and whether they produce a return on investment for taxpayers. He noted that a contract for the study had been sent to members of the Task Force for review to see if the study should be pursued.

Presenter:

Mr. Richard Kersh, Human Factor Analytics, Inc., Russellville, Arkansas, was recognized. Mr. Kersh reviewed what he would be able to present to the Task Force if the contract is approved. He said Human Factor Analytics, Inc. is not an actuarial firm. He explained it does population health management studies, kind of an epidemiological analysis of the population. He said the company identifies risk mitigation opportunities. He said Human Factor Analytics, Inc. backs into the data, looking at multiple variables, including precursors and causalities. He said the analysis will establish a baseline for the State of Arkansas to measure potential interventions that occur in the future. Mr. Kersh said that Human Factor Analytics, Inc. backs up logic with statistical analysis to confirm assumptions. Mr. Kersh noted the initial contract is for a preliminary analysis. He explained that, if the Task Force sees value in the analysis, he would welcome the consideration of Human Factor Analytics, Inc. as a source for analysis of healthcare-related data on an ongoing basis.

Contributors to the Discussion:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Ms. Jill Thayer, Legal Counsel to the Director, Bureau of Legislative Research, was recognized. Ms. Thayer said this contract, once approved by the Task Force, will be subject to review by the Policymaking Subcommittee, which is scheduled meet on Wednesday, December 17, 2014, at 9:00 a.m. She said their recommendation will then go to the full Legislative Council which meets on Friday, December 19, 2014, at 9:00 a.m. She said once Council approves it, if they do, the contract can be signed and work can begin.

Issues Included in the Discussion:

- method of transferring reported data, and
- cost of vendors providing data to the State of Arkansas.

Relevant Action:

The Honorable David Sanders, State Senator, District 15, was recognized, and made a motion that the contract with Human Factor Analytics, Inc. be accepted.

Pursuant to the motion by Senator Sanders, and without objection, the motion was carried.

Handout:

Human Factor Analytics Agreement with Schedule 1

Discussion of Data Driven Health Care Concierge Services

The Honorable Jason Rapert, State Senator, District 35, was recognized. Senator Rapert noted that Compass Care Engineering is a different entity from Chrome Compass, which was hired to do some initial analysis, and is not competitive in nature with what was just passed.

Presenter:

Mr. David Toomey, President, Compass Care Engineering, Dallas, Texas, was recognized. Mr. Toomey, in a PowerPoint presentation, discussed the services of Compass Care Engineering (Compass). He explained the Compass Integrated Solution, comprised of Transparency, Pathways, and Prevention, the key to delivering sustainable cost reduction. He described the Health Pro Consultant Model which delivers personal service, provides context-guided technology to create custom solutions for each employee, and enables simplified healthcare system navigation. Mr. Toomey said the Compass team is a catalyst to engage employees and answer their questions about medical, dental, vision, and pharmacy services. He said services include helping employees with understanding insurance benefits, accessing the right doctors, auditing medical bills, and reviewing prescription services. He said Compass helps every employee and everybody in their household, whether they are covered by the state plan or not, plus one (parents or in-laws). He also discussed the Compass role in wellness

programs. Mr. Toomey stated that Compass is so confident in what it does and the results produced that it guarantees its fee.

Contributor to the Discussion:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration

Issues Included in the Discussion:

- cost of implementing the services,
- the money-back guarantee,
- providing a research center with a support team in Arkansas,
- services currently being looked at by the EBD,
- average engagement rates,
- how contacts are made with the end user,
- medical acuity and training of the research center staff,
- average per member, per month cost,
- sources for data,
- intersection of engagement versus savings,
- third party analysis to verify and validate information,
- process to reach out and educate employees, and
- options price variations for providing high-quality medical service.

Handout:

Compass Healthcare PowerPoint

Discussion of Representative Gossage's Proposal Regarding the Public School Employee (PSE) Health Insurance Program

The Honorable Bill Gossage, State Representative, District 82, was recognized, and discussed his proposal for a five-year plan for covering health insurance premiums for first-year teachers which would dramatically increase the health of the pool and stabilize or decrease premiums.

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized, and discussed the projected cost impacts of providing a subsidy for new teachers with alternative grading. He said that a deeper analysis from the actuary will be provided in the future.

A comprehensive discussion followed about the projected figures on the chart contained in the handout.

Senator Hendren commented that this proposal has tremendous value and merit, and, as cash reserves build up, the Task Force will have an opportunity to try such proposals. He noted this will be a policy discussion to put on the agenda in January and February. He noted that issues of Adequacy will also need to be considered.

Handout:

Cost Impact of Subsidy for New Teachers with Alternative Grading, Cheiron

Discussion of Customer Satisfaction Survey of Arkansas State Employee (ASE) and Public School Employee (PSE) Members

Senator Hendren discussed reaching out to ASE and PSE members with a formal customer satisfaction survey and having the results being presented to the Task Force. He stated the purpose of the survey would be to collect data to assist in understanding and addressing this problem.

Presenter:

Mr. Bob Alexander, Director, Employee Benefits Division, Arkansas Department of Finance and Administration, was recognized. Mr. Alexander presented his ideas on the approach EBD could possibly take in creating a survey.

Senator Hendren requested that representatives from state agencies and associations use every means at their disposal to encourage maximum participation in a survey in order to give a true picture of the problem. He encouraged the representatives to make suggestions for input to a survey.

Adjournment:

The meeting adjourned at 12:01 p.m.

Approved: 01/26/15