

**State and School Employees' Life and Health Insurance Plan
Health Insurance Management Board
Regular Monthly Meeting
January 25, 2012**

The regular monthly meeting of the State and School Employees Health Insurance Management Board convened on Wednesday, January 25, 2012, in Room 139 in the Woolfolk Building located at 501 North West Street in Jackson, Mississippi, at 9:00 a.m. The presiding officer was Mr. Kevin J. Upchurch, Chairman of the Board. A quorum was present.

Members Present:

Voting

Mr. Kevin Upchurch
Ms. Pat Robertson
Dr. Eric Clark
Dr. Hank Bounds
Mr. Mike Chaney
Ms. DeAnne Mosley

Non-Voting

The Honorable Eugene Clarke
The Honorable Herb Frierson
The Honorable Gary Chism

Members Absent:

Dr. Tom Burnham
Mr. Liles Williams

The Honorable Videt Carmichael

Department of Finance and Administration Staff Present:

Ms. Rita Wray
Ms. Teresa Planch
Mr. Richard Self
Ms. Cheryl Turner
Ms. Edie Ivey
Mr. Steve May
Mr. Curt Hubbard
Ms. Susan Lancaster

Attorney General's Office Staff Present:

Ms. Romaine Richards, Esquire

Call to Order

The meeting was chaired and called to order by Mr. Kevin J. Upchurch, Chairman of the Board, who opened the meeting with prayer. Chairman Upchurch welcomed Representative Gary Chism, Chairman, House Insurance Committee; Representative Herb Frierson, Chairman, House Appropriations Committee; and Ms. DeAnne Mosley, Executive Director, State Personnel Board as new members of the Board.

Approval of the Minutes from the Regular Meeting on November 16, 2011

The minutes of the Board's regular monthly meeting of November 16, 2011, were provided to all Board members for their review prior to the meeting. A motion was made by Dr. Eric Clark to approve the minutes as presented. The motion was seconded by Mr. Mike Chaney and passed by a 5 – 0 vote, with members Bounds, Chaney, Clark, Mosley and Robertson voting affirmatively.

Minnesota Life Insurance Policy

Chairman Upchurch recognized Mr. Richard Self, Deputy Director with the Office of Insurance, who advised that Minnesota Life Insurance Company is the Board's selected life insurer for the fully-insured group term life insurance policy that provides term life and accidental death and dismemberment insurance coverage to employees and retirees. Mr. Self further explained that because Minnesota Life is an insurance provider rather than a contract vendor, they operate under a Letter of Understanding with the Board, which addresses the administrative and operational issues relative to the policy. Included in the Letter of Understanding is the requirement that Minnesota Life maintain professional liability insurance, for which coverage Minnesota Life has requested to self-insure in lieu of continuing with a separately purchased policy. Mr. Self also advised that Minnesota Life has proposed to provide to the Board additional beneficiary management services not included under the current Letter of Understanding. These services include a beneficiary management system that can provide for all beneficiary information to be maintained in a single, secure data base, including on-line and paper access for participants to confidentially review and/or make changes to their beneficiary designations. Mr. Self explained that in addition to the enhanced customer service access, the proposed services would also help expedite life insurance claims processing by reducing delays related to missing or incomplete beneficiary information.

A motion was made by Ms. Pat Robertson to approve amending the Letter of Understanding with Minnesota Life to allow them to self-insure the professional liability coverage and to add beneficiary management services. The motion was seconded by Ms. DeAnne Mosley and passed by a 5 – 0 vote, with members Bounds, Chaney, Clark, Mosley and Robertson voting affirmatively.

Confidentiality and Non-Disclosure Agreement on Avandia Litigation

Chairman Upchurch recognized Ms. Teresa Planch, State Insurance Administrator with the Office of Insurance who advised the Board that the Office of the Attorney General has determined that claims should be made against GlaxoSmithKline LLC, (GSK), as the manufacturer of the diabetes medications marketed under the trade names Avandia®, Advandament® and Avandaryl® (Avandia), and has retained the law firm of Baron & Budd, P.C., to investigate, research, and litigate claims against GSK. In order to determine if pursuing litigation against GSK is warranted, Baron & Budd has requested access to specific Plan data relative to Avandia. Ms. Planch reminded the Board that under an existing *Confidentiality and Non-Disclosure Agreement*, the Plan's comprehensive prescription drug data, limited to the minimum data elements necessary, had been provided by the Board's current and prior pharmacy benefit managers to McCulley McCluer PLLC, for use in the Attorney General's litigation pertaining to the artificial inflation of the Average Wholesale Price. Ms. Planch advised that in order to comply with Baron & Budd's request for data, staff recommends that the Board execute a similar confidentiality and non-disclosure agreement with Baron & Budd, and, upon such execution, request McCulley McCluer to provide to Baron & Budd the Plan's prescription drug data pertaining solely to Avandia.

A motion was made by Dr. Hank Bounds to approve entering into negotiations with Baron & Budd, P.C. for a confidentiality and nondisclosure agreement, relative to litigation services they are providing under contract with the State Attorney General's Office on behalf of the State and School Employees' Health Insurance Plan, and subject to successful negotiations, for the Chairman of the Board to execute the agreement on behalf of the Board; and to request McCulley McCluer PLLC to provide to Baron & Budd, P.C., the Plan's prescription drug data pertaining solely to Avandia. The motion was seconded by Mr. Mike Chaney and passed by a 5 – 0 vote, with members Bounds, Chaney, Clark, Mosley and Robertson voting affirmatively.

Actuarial Services Contract (OPEB)

Chairman Upchurch recognized Mr. Richard Self, who advised Board members that in accordance with the Governmental Accounting Standards Board's Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the State of Mississippi is required to perform periodic actuarial valuations of the cost of retiree life and health insurance benefits relative to the State and School Employees' Life and Health Insurance Plan. Mr. Self stated that the Board's contract with Cavanaugh Macdonald Consulting, LLC, to perform this valuation to measure the Plan's unfunded liability for these promised benefits, referred to as the OPEB liability, establish contribution rates necessary to fund this liability, and to provide the required financial disclosures for inclusion in the State's *Comprehensive Annual Financial Report*, will terminate on June 30, 2012.

Mr. Self advised the Board that the Public Employment Retirement System (PERS) recently extended its contract with Cavanaugh Macdonald to provide annual actuarial valuations for the State's pension plan, and explained the Board's annual OPEB valuation included utilizing assumptions and analyses developed by and for the PERS' valuations. Mr. Self advised that rather than duplicate the expense and effort previously incurred by PERS, the Board could benefit from contracting with Cavanaugh Macdonald as a sole source vendor to continue as the Board's OPEB actuary.

A motion was made by Dr. Hank Bounds to enter into contract negotiations with Cavanaugh Macdonald Consulting LLC for actuarial services relative to OPEB for a contract effective date of July 1, 2012, and, subject to successful negotiations, for the Chairman of the Board to execute the contract on behalf of the Board. The motion was seconded by Dr. Eric Clark and passed by a 5 – 0 vote, with members Bounds, Chaney, Clark, Mosley and Robertson voting affirmatively.

Financial Statements

Mr. Self briefly reviewed the financial statements for the State and School Employees' Life and Health Insurance Plan and the Children's Health Insurance Program for the months of November and December 2011. Copies of the financial statements were provided to Board members for their review prior to the meeting.

General Schedule

Ms. Planch reviewed the schedule of major activities and actions to be taken by the Board for the next several months. Ms. Planch noted that Board members would be contacted in the near future to schedule a Strategic Planning Retreat and encouraged all members to attend.

Old Business

CHIP Premium Renewal

Mr. Self reminded Board members that UnitedHealthcare of Mississippi (UHC), the insurer for the Children's Health Insurance Program (CHIP), submitted on October 28, 2011, notice of a proposed premium rate of \$248.16 per member per month to be effective January 1, 2012. Mr. Self further advised that UHC submitted a revised proposed premium of \$241.53 on November 15, 2011, and on December 2, 2011, provided notice of their intent to forgo any rate increase for 2012, proposing instead to continue coverage for CHIP members at the current rate of \$236.38. Mr. Self advised that the Board's actuary had reviewed the information provided by UHC and determined that the proposed 2012 premium rate, \$236.38 per child per month, appears reasonable. No action was necessary by the Board.

Worksite Weight Management Program Contract

Ms. Planch reminded Board members that at the November 16, 2011, Board meeting, the Board authorized staff to enter into contract negotiations with Weight Watchers® as the State and School Employees' Health Insurance Plan's worksite weight management program vendor. Ms. Planch reported that unfortunately negotiations efforts were unsuccessful and did not result in an acceptable contract. Ms. Planch advised that as a result, the worksite weight management program originally scheduled to begin January 1, 2012 was cancelled.

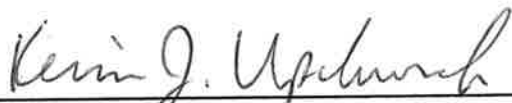
New Business

Chairman Upchurch recognized and welcomed Mr. Curt Hubbard, who recently began working with the Office of Insurance as Director of Compliance and Audit.

Adjournment

Chairman Upchurch announced that the next regular meeting of the State and School Employees Health Insurance Management Board is scheduled for 9:00 a.m., February 22, 2012, in Room 139, located at the Woolfolk Building.

As there was no further business, the meeting was adjourned at 9:50 a.m.



Kevin J. Upchurch

Chairman

State and School Employees Health Insurance Management Board