

**State and School Employees' Life and Health Insurance Plan
Health Insurance Management Board
Regular Monthly Meeting
October 23, 2013**

The regular monthly meeting of the State and School Employees Health Insurance Management Board convened on Wednesday, October 23, 2013, 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

Non-Voting

Mr. Kevin Upchurch
Dr. Eric Clark (*via conference call*)
Mr. Mike Chaney (*Represented by Designee, Mr. Bob Williams*)
Dr. Lynn House (*via conference call*)
Mr. Christopher Burkhalter
Ms. Pat Robertson
Dr. Hank Bounds

Members Absent:

Ms. DeAnne Mosley	The Honorable Eugene Clarke
Mr. Larry Fortenberry	The Honorable Herb Frierson
Mr. Liles Williams	The Honorable Videt Carmichael
	The Honorable Gary Chism

Department of Finance and Administration Staff Present:

Mr. Richard Self
Ms. Cindy Bradshaw
Mr. Steve May
Ms. Edie Ivey
Mr. Curt Hubbard
Ms. Susan Lancaster
Ms. Ashley Harrell
Ms. Stacie Sheriff
Mr. Willie McKennis
Ms. Sherri Hilton

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. Dr. Eric Clark and Dr. Lynn House joined the meeting via conference call at 9:00 a.m. and their participation ended at approximately 9:40 a.m. Chairman Upchurch reminded the Board that Dr. Lynn House would be leaving her position as Interim State Superintendent of Education at the end of the month, and commended her for her dedication and many contributions as a member of the State and School Employees Health Insurance Management Board.

Approval of the Minutes of the Regular Meeting on September 25, 2013

The minutes of the Board's regular monthly meeting of September 25, 2013 were provided to all Board members for their review prior to the meeting. A motion was made by Mr. Bob Williams (designee for member Chaney) for the Board to approve the minutes as presented. Mr. Christopher Burkhalter seconded the motion. The motion passed by a 6 – 0 vote, with members Bounds, Burkhalter, Clark, House, Robertson, and Bob Williams (designee for member Chaney) voting affirmatively.

Actuarial Analysis of Other Postemployment Benefits (OPEB) Liability

Chairman Upchurch recognized Mr. Tom Cavanaugh, FSA, FCA, EA, MAAA, and Mr. Edward Koebel, EA, FCA, MAAA, with Cavanaugh Macdonald Consulting. Mr. Cavanaugh and Mr. Koebel presented an updated valuation as of June 30, 2013, of the State's other post-employment benefits (OPEB) liability for the retiree life and health insurance benefits relative to the State and School Employees' Life and Health Insurance Plan. Handouts entitled *GASB 43/45 June 30, 2013 OPEB Valuation* were provided to Board members for their review. Mr. Koebel pointed out that the overall OPEB liability of \$690.3M as of June 30, 2013, had increased over the prior year by approximately \$26M. No action was required by the Board on this report.

Claims and Performance Review Contract

Chairman Upchurch recognized Ms. Cindy Bradshaw, Deputy Director with the Office of Insurance, who reminded the Board that the current contract with Claim Technologies, Inc. (CTI) for claims and performance review services will expire on December 31, 2013. Ms. Bradshaw also reminded Board members that at its April 2013 meeting, the Board had authorized staff to issue a Request for Proposals (RFP) for these services. Ms. Bradshaw advised that staff, working with the Board's subcommittee consisting of Mr. Liles Williams, Dr. Eric Clark, Ms. Pat Robertson and Mr. Mike Chaney, had completed the RFP process and determined that Claim Technologies, Inc., had submitted the best proposal to provide claims and performance review services to the Board.

Mr. Bob Williams (designee for member Chaney), moved that the Board approve entering into contract negotiations with Claim Technologies, Inc., for claims and performance review services to be effective January 1, 2014, and subject to successful contract negotiations, for the Chairman of the Board to execute the contract on behalf of the Board. Mr. Christopher Burkhalter seconded the motion. The motion passed by a 6 – 0 vote, with members Bounds, Burkhalter, Clark, House, Robertson, and Bob Williams (designee for member Chaney) voting affirmatively.

Life Insurance Premium Analysis

Chairman Upchurch advised that the Plan's actuary, Mr. Wm. Lynn Townsend, FSA, MAAA, had recently completed a funding analysis of the Plan's life insurance program. Chairman Upchurch reported that the analysis revealed that for the past four years the current premium structure has averaged producing approximately 25% more in revenue than needed to fund the costs of the program. Mr. Townsend's analysis indicated that the premium rates for active and retired employees could be adjusted downward to minimize this gain. He provided the Board with a recommendation to reduce the age-rated retiree premiums so that the rates were consistent with expected experience, and to reduce the active employee premium rate down from the current \$0.24 per \$1,000 of coverage, to \$0.18 per \$1,000. Chairman Upchurch requested that the Board consider Mr. Townsend's recommendation to adjust the life insurance premiums to be more in line with the actual cost of the life insurance.

A motion was made by Dr. Hank Bounds for the Board to approve reducing the life insurance premium rates for active employee coverage from the current \$0.24 per \$1,000 of coverage to \$0.18 per \$1,000, and to reduce the life insurance premium rates for retiree coverage to the amounts included in the actuary's recommendation, with all such reductions to be effective January 1, 2014. Ms. Pat Robertson seconded the motion. The motion passed by a 6 – 0 vote, with members Bounds, Burkhalter, Clark, House, Robertson, and Bob Williams (designee for member Chaney) voting affirmatively.

Fiscal Year 2013 Financial Audit Report

Chairman Upchurch recognized Mr. Timothy J. Adler, CPA, and Mr. Daniel Scarborough, CPA, with BKD, LLP, to present the results of BKD's financial audit of the State and School Employees' Life and Health Insurance Plan for fiscal year 2013. A copy of the report entitled "*State of Mississippi Selected Funds of the State and School Employees' Life and Health Insurance Plan, Independent Accountants' Report and Combined Financial Statements of Funds Selected for Audit June 30, 2013*", as well as BKD's FY 2013 management letter to the Board, were provided to Board members prior to the meeting. No action was required by the Board on this report.

Fiscal Year 2013 Actuarial Report

Chairman Upchurch recognized Mr. Wm. Lynn Townsend, FSA, MAAA, Consulting Actuary for the Board, who presented an overview of the financial status of the State and School Employees' Life and Health Insurance Plan as of June 30, 2013. Copies of the *Actuarial Report Fiscal Year 2013* and *Actuarial Report Highlights Fiscal Year 2013* were provided to Board members prior to the meeting. No action was required by the Board on this report.

Subcommittee Appointments for Transparency Solution Tool/Services RFP

Chairman Upchurch reminded Board members that at the September 2013 Board meeting, the Board approved the issuance of a request for proposals for transparency solution tool/services. Chairman Upchurch announced the following subcommittee appointments for the Transparency Solution Tool/Services procurement process:

Ms. Pat Robertson
Mr. Christopher Burkhalter
Mr. Mike Chaney
Dr. Eric Clark

Financial Statements

Chairman Upchurch recognized Mr. Steve May, Director of Accounting and Analysis with the Office of Insurance, who briefly reviewed the financial statements for the State and School Employees' Life and Health Insurance Plan for the month of September 2013. Copies of the financial statements were provided to Board members for their review prior to the meeting.

General Schedule

Ms. Bradshaw reviewed the schedule of major activities and actions to be taken by the Board for the next several months. Ms. Bradshaw also reminded the Board that immediately following the upcoming November Board meeting, the Plan's consultant, PricewaterhouseCoopers (PWC) will present a brief program entitled *Consumer Driven Healthcare Plans*, as a continuation of the Board Retreat that was held on September 5, 2013. She encouraged all Board members to attend.

Old Business

Chairman Upchurch recognized Mr. Richard Self, State Insurance Administrator with the Office of Insurance, who advised that the recently approved AHS amendment to expand the provider network to include greater access for participants to providers outside the State has been executed and would become effective January 1, 2014. He reminded Board members that this amendment would reduce the financial burden to Plan participants requiring services outside Mississippi, and is also projected to result in savings to the Plan.

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New Business

There was no new business for the Board to consider.

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., on Thursday, November 21, 2013, in Room 139, located at the Woolfolk Building.

As there was no further business, the meeting was adjourned at 10:14 a.m.



Kevin J. Upchurch
Chairman
State and School Employees Health Insurance Management Board