

**State and School Employees' Life and Health Insurance Plan
Health Insurance Management Board
Regular Monthly Meeting
August 24, 2016**

The regular monthly meeting of the State and School Employees Health Insurance Management Board convened on Wednesday, August 24, 2016, 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 Ms. Laura D. Jackson, Chairman of the Board. A quorum was present.

Members Present:

Voting

Ms. Laura Jackson
Dr. Glen Boyce *(Via telephone)*
Mr. Christopher Burkhalter
Mr. Mike Chaney *(Represented by Mr. Daniel Bradshaw)*
Mr. Larry Fortenberry
Dr. Andrea Mayfield *(Via telephone)*
Ms. Deanne Mosley
Mr. Liles Williams

Non-Voting

Members Absent:

Ms. Pat Robertson
Dr. Carey Wright *(Represented by Ms. Gracie Sanders)*

The Honorable Videt Carmichael
The Honorable Gary Chism
The Honorable Eugene Clarke

Department of Finance and Administration Staff Present:

Mr. Richard Self
Ms. Cindy Bradshaw
Ms. Terri Ashley
Mr. Rick Fava
Mr. Steve May
Mr. Chris Shaman
Ms. Amanda Murphy

Attorney General's Office Staff Present:

Ms. Romaine Richards, Esquire

Call to Order

The meeting was chaired and called to order by Ms. Laura D. Jackson, Chairman of the Board.

Approval of the Minutes of the Regular Meeting on July 27, 2016

The minutes of the Board's regular monthly meeting of July 27, 2016 were provided to all Board members for their review prior to the meeting. A motion was made by Mr. Liles Williams to approve the minutes as presented. Mr. Chris Burkhalter seconded the motion. The motion passed by a 7 – 0 vote, with members Boyce, Bradshaw (Designee for Member Chaney), Burkhalter, Fortenberry, Mayfield, Mosley, and Williams voting affirmatively.

Fiscal Year 2016 Actuarial Report Preliminary Projections

Chairman Jackson recognized Mr. Wm. Lynn Townsend, FSA, MAAA, Consulting Actuary for the Board, who presented an overview of the financial status of the Plan as of June 30, 2016, as well as projections for Plan assets, liabilities, and funding status through calendar year 2018. A copy of Mr. Townsend's report entitled "*Preliminary Actuarial Report & Financial Projections Fiscal Year 2016*" was distributed to Board members for their review.

Mr. Townsend advised that he had prepared two sets of premium projections, one based on the current Plan benefits, and a second one assuming that the Board adopts the proposed 2017 benefit changes recommended by the Advisory Council. He explained that under both scenarios, there is a need to adjust the Horizon Non-Medicare retiree premium classes by approximately 9% and the Legacy and Horizon Medicare eligible retiree premium classes by approximately 2% in 2017 in order to bring them to their estimated actuarial costs. He added that there was no immediate need to increase any of the other premium classes at this time in order to comply with the Board's stated funding objective.

Chairman Jackson suggested that the Board defer any action on the premium projections until the 2017 potential benefit changes had been decided upon by the Board.

Benefit Changes for 2017

Chairman Jackson recognized Ms. Cindy Bradshaw, Deputy Director with the Office of Insurance, who presented the proposed benefit changes for the State and School Employees' Life and Health Insurance Plan to be effective January 1, 2017, including the projected savings and/or additional costs associated with each proposed change. A handout entitled *Evaluation of Potential Benefit Changes for Calendar Year 2017* was provided to the Board prior to the meeting.

Ms. Bradshaw provided an overview of the Plan's pharmacy benefit program, reminding the Board of the previous changes made to help control costs without negatively impacting participant access to necessary effective and cost efficient medications. She explained that the transition to the new pharmacy benefit management (PBM) vendor contract has been

essentially completed, and that the updates to the formulary and related specific protocols for the new PBM are currently being implemented, after allowing an initial grace period to avoid service interruption and participant inconvenience. Among the protocols that are being applied are stronger controls to ensure that the medications are FDA-approved and safe, appropriate quantity limits are in force, continuation of exclusions for “me too” drugs, and that new drugs must first be reviewed and approved by the PBM’s pharmacy and therapeutics committee before being covered by the Plan’s formulary.

Ms. Bradshaw presented the following staff recommendations:

- **Modify Prescription Drug Coverage**
 - Coverage Tiers, Copayments, Deductibles, Generic Incentive – Staff recommends no changes in the coverage tiers, deductibles and copayment amounts for retail or mail-order prescriptions.
 - Base Coverage – Preventive Medications – Staff recommends adding a preventive medication benefit to the Base Coverage to be subject to the same pharmacy benefits as the Select Coverage (currently \$75 deductible, \$12 generic, \$45 brand and \$70 non-preferred brand copayment).
- **Modify Medical Deductibles, Coinsurance and Out-of-Pocket Maximums** Staff recommends no changes to the Plan’s deductibles and coinsurance percentages. Staff recommends establishing a medical coinsurance maximum for Base Coverage at \$5,000 In-Network/\$7,000 Out-of-Network for family, and to be the same as the current medical coinsurance maximums for Select Coverage at \$2,500 In-Network/\$3,500 Out-of-Network for individuals. Staff further recommends that the out-of-pocket maximum be increased to \$6,500 individual/\$13,000 family for both Select Coverage and Base Coverage.
- **Establish Copayment for Telemedicine Services**

Staff recommends a \$10 copayment for basic (virtual office visit with primary care provider) telemedicine services not subject to deductible for Select Coverage participants, and a \$10 copayment subject to the calendar year deductible for participants with Base Coverage as required under IRS rules.
- **Modify Wellness/Preventive Services**

Based on recommendation by the United States Preventive Services Task Force (USPTF), the following changes to the Plan’s wellness benefits are recommended:

 - Iron Deficiency Anemia in children 12 – 24 months (CBC, hemoglobin or hematocrit) – The USPSTF concluded that evidence is insufficient to recommend for or against routine screening for iron deficiency anemia in asymptomatic children aged 6 to 12 months. **Recommended only once between 6-24 months.**
 - Iron Deficiency Anemia in children 3 years + (CBC, hemoglobin or hematocrit) – **Not recommended unless pregnant.**

- PSA – The USPSTF has concluded that PSA-based screening programs result in the detection of many cases of asymptomatic prostate cancer, resulting in considerable over diagnoses. They determined that a substantial percentage of men who have asymptomatic cancer detected by PSA screening have a tumor that either will not progress or will progress so slowly that it would have remained asymptomatic for the man's lifetime. **Not recommended.**
- Urinalysis (children and adults) – The USPSTF and CDC recommend that a urinalysis only be done as a diagnostic test, never as a preventive service. National guidelines recommend against the test unless the patient has symptoms. **Not recommended.**
- Screening for Lipid Disorders (patients 20 years old and younger) – The USPSTF concluded that the current evidence is insufficient to assess the balance of benefits and harms of screening for lipid disorders in children and adolescents 20 years or younger. **Not recommended.**
- Cervical Pap Smears – The USPSTF reports that the main benefit of screening is that it can prevent cervical cancer by finding abnormal cells before they become cancer. If cancer has developed, screening can find it early, when treatment works best. However, cervical cancer screening also has some possible harms. The tests may cause bleeding, pain, or infection. Abnormal results may make women feel anxious or upset. Screening may also lead to additional tests or procedures that aren't needed or that may cause harms for some women, including problems with future pregnancies. **Recommended only for women age 21 to 65 years, once every 3 years** or, for women age 30 to 65 years who want to lengthen the screening interval, screening with a combination of cytology and human papillomavirus (HPV) testing every 5 years.

Ms. Bradshaw explained that the aforementioned services currently covered as wellness/preventive would still be covered under regular Plan benefits, based on medical necessity and subject to applicable deductibles and coinsurance.

Ms. Bradshaw reported to the Board that the proposed 2017 benefit changes had been presented to the State and School Employees Health Insurance Advisory Council at their August 17, 2016 meeting, during which the Advisory Council voted to accept all staff recommendations and communicate same to the Board.

A motion was made by Mr. Burkhalter to accept staff and Advisory Council recommendations for all items. Mr. Larry Fortenberry seconded the motion. The motion passed by a 7 – 0 vote, with members Boyce, Bradshaw (Designee for Member Chaney), Burkhalter, Fortenberry, Mayfield, Mosley, and Williams voting affirmatively.

Ms. Deanne Mosley moved that the Board approve an approximate 2.0% rate increase for Medicare Retiree participants and an approximate 9.0% rate increase for Horizon Non-Medicare Retiree participants to be effective January 1, 2017, and a 0% rate increase for all premium classes. Mr. Burkhalter seconded the motion. The motion passed by a 7 – 0 vote,

with members Boyce, Bradshaw (Designee for Member Chaney), Burkhalter, Fortenberry, Mayfield, Mosley, and Williams voting affirmatively.

Mr. Daniel Bradshaw (Designee for Member Chaney) moved that the Board approve for Chairman Jackson to provide the Legislative Budget Office (LBO) with a proposed 0% premium rate increase projection effective January 1, 2018, for LBO's FY 2018 budgeting purposes. Ms. Mosley seconded the motion. Mr. Burkhalter and Mr. Fortenberry each expressed concern over delaying increases until such time as double-digit increases are required. The motion passed by a 7 – 0 vote, with members Boyce, Bradshaw (Designee for Member Chaney), Burkhalter, Fortenberry, Mayfield, Mosley, and Williams voting affirmatively.

Fiscal Year 2018 Budget Revision

Chairman Jackson recognized Mr. Richard Self, State Insurance Administrator with the Office of Insurance. Mr. Self advised that the Board had previously approved the State and School Employees' Life and Health Insurance Plan Fiscal Year 2018 budget at the July 27, 2016 meeting. Subsequent to that approval, the estimated portion of administrative costs to be funded from State general funds has been revised to be consistent with the Department of Finance and Administration's 2018 Budget Request. The proposed revised Fiscal Year 2018 budget reflects a \$744,000 increase in the estimated portion of State funds, along with a like decrease in the estimated funding from insurance premiums and interest income. Other than the change in funding source, the revised Fiscal Year 2018 budget request is identical to the budget approved at the July 27, 2016 meeting.

A motion was made by Mr. Fortenberry to approve the revised Fiscal Year 2018 Budget Request. Mr. Liles Williams seconded the motion. The motion passed by a 6 – 0 vote, with members Boyce, Bradshaw (Designee for Member Chaney), Burkhalter, Fortenberry, Mosley, and Williams voting affirmatively.

Financial Statements

Chairman Jackson recognized Mr. Steve May, Director of Budget and Accounting 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 August 2016. Copies of the financial statements were provided to Board members for their review prior to the meeting.

General Schedule

Chairman Jackson recognized Ms. Bradshaw who reviewed the schedule of major activities and actions to be taken by the Board for the next several months.

Old Business

There was no new business for the Board to consider.

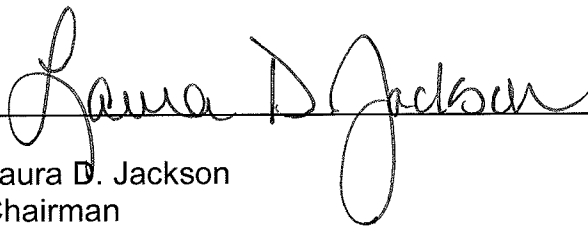
New Business

There was no new business for the Board to consider.

Adjournment

Chairman Jackson announced that the next regular meeting of the State and School Employees Health Insurance Management Board is scheduled for 9:00 a.m., September 28, 2016, in Room 139, located at the Woolfolk Building.

As there was no further business, the meeting was adjourned at 10:38 a.m.

A handwritten signature in cursive script, reading "Laura D. Jackson", is written over a solid horizontal line. The signature is fluid and extends slightly beyond the line on both sides.

Laura D. Jackson
Chairman

State and School Employees Health Insurance Management Board