

State and School Employees Health Insurance Management Board

Standing Monthly Meeting August 25, 2021

Minutes

The standing monthly meeting of the State and School Employees Health Insurance Management Board convened Wednesday, August 25, 2021, at 9:02 a.m. Due to COVID-19 social distancing guidelines, the meeting was held via a TEAMS meeting. A dial-in number was available upon request for the public to listen to the meeting. The presiding officer was Ms. Liz Welch, Chairman of the Board. A quorum was present via the TEAMS meetings.

Voting Members Present

Ms. Liz Welch, Chairman
Mr. Christopher Burkhalter, Vice-Chairman
Mr. Mike Chaney
Mr. Larry Fortenberry
Mr. Kelly Hardwick
Mr. Ray Higgins
Dr. Alfred Rankins
Mr. Kell Smith
Dr. Carey Wright *(Represented by Dr. Felicia Gavin)*

Non-Voting Members Present

The Honorable J. Walter Michel - Chairman,
Chairman, Senate Insurance

Voting Members Absent

Mr. Mark Formby

Non-Voting Members Absent

The Honorable W. Briggs Hopson - Chairman,
Senate Appropriations Committee
The Honorable John Read - Chairman,
House Appropriations Committee
The Honorable Henry Zuber - Chairman,
House Insurance Committee

Department of Finance and Administration Staff Present

Ms. Cindy Bradshaw
Ms. Angela Inman
Mr. Chris Shaman
Ms. Amanda Murphy
Ms. Christy Easterling
Ms. Alicia Coleman
Ms. Dinah Wilson
Ms. Christina Young

Attorney General's Office Staff Present

Ms. Liz Bolin, Esquire

Call to Order

The meeting was chaired and called to order by Ms. Liz Welch, Chairman of the Board.

Agenda Item 1: Minutes of the July 28, 2021 Standing Monthly Board Meeting

Chairman Welch announced that the minutes of the Board's July 28, 2021 standing monthly meeting had been provided to all Board members for their review in advance of today's meeting. A motion was made by Mr. Kelly Hardwick for the Board to approve the minutes for July as presented. Mr. Ray Higgins seconded the motion. The motion passed by an 8 – 0 vote with members Burkhalter, Chaney, Fortenberry, Gavin (designee for member Wright), Hardwick, Higgins, Rankins, and Smith voting affirmatively.

Agenda Item 2: Fiscal Year 2023 Budget Request

Chairman Welch recognized Ms. Cindy Bradshaw, State Insurance Administrator with the Office of Insurance who presented the State and School Employees' Life and Health Insurance Plan's Fiscal Year 2023 budget request. A copy of the budget document was distributed to Board members for their review prior to the meeting. Ms. Bradshaw explained that the proposed budget assumes a level budget for most administrative activities. The budget includes projected claims and claims related expenses, as well as all other expenditures expected to be incurred for the upcoming fiscal year. A motion was made by Mr. Larry Fortenberry to approve the Fiscal Year 2023 Budget Request as presented. Mr. Mike Chaney seconded the motion. The motion passed by an 8 – 0 vote with members Burkhalter, Chaney, Fortenberry, Gavin, Hardwick, Higgins, Rankins, and Smith voting affirmatively.

Agenda Item 3: Benefit Changes for 2022

Chairman Welch recognized Mr. Chris Shaman, Deputy Director with the Office of Insurance, who presented the proposed benefit changes for 2022. Mr. Shaman explained the proposed benefit changes and the projected savings or additional costs to the Plan associated with each one. A handout entitled *Evaluation of Potential Benefit Changes for Calendar Year 2022* had been provided to all Board members for their review in advance of today's meeting. Ms. Bradshaw reported to the Board that the proposed 2022 benefit changes had been presented to the State and School Employees Health Insurance Advisory Council at their August 18, 2021 meeting.

Mr. Shaman presented the following staff recommendations:

1) Modify Prescription Drug Coverage

Staff recommends no changes to the current prescription drug deductible or copayments and implementing a more restrictive formulary structure.

2) Modify Medical Deductibles, Coinsurance and Out-of-Pocket Maximums

- a. **Modify Medical Deductibles:** Staff does not recommend changes.
- b. **Modify Coinsurance Maximums – Select and Base Coverage:** Staff does not recommend changes.
- c. **Modify Out-of-Pocket Limits:** Staff does not recommend changes.

3) Modify Coverage for Over-the-Counter Pseudoephedrine

Staff recommends excluding coverage for OTC medications containing pseudoephedrine.

4) Add Dental Services for Participants with Congenital Defects

N/A

5) Modify Coverage for Substance Abuse Treatment

Staff recommends expanding substance abuse treatment to cover partial hospitalization.

Ms. Bradshaw advised that the Advisory Council voted to support the staff recommendations for each of the calendar year 2022 benefit changes, with the exception of Item 2A. The Advisory Council instead recommended Scenario 1, an increase of the medical deductible by \$200 for the Select Coverage in anticipation of the availability of a deductible reduction beginning in 2023 tied to completion of certain activities under the Plan's Wellness Incentive Program.

A motion was made by Mr. Fortenberry to accept the Advisory Council recommendation for Item 2A and for the Board to approve all other items as presented. Mr. Chaney seconded the motion. The motion passed by an 8 – 0 vote with members Burkhalter, Chaney, Fortenberry, Gavin, Hardwick, Higgins, Rankins, and Smith voting affirmatively.

Agenda Item 4: Fiscal Year 2021 Actuarial Report Preliminary Projections

Chairman Welch 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, 2021, as well as projections for Plan assets, liabilities, and funding status through calendar year 2024. A copy of Mr. Townsend's report entitled "*Fiscal Year 2021 Preliminary Actuarial Report*" had been provided to all Board members for their review in advance of today's meeting. Mr. Fortenberry moved that the Board approve a 6% health insurance premium rate increase for the non-Medicare coverage classes to be effective January 1, 2022, and for Chairman Welch to provide the Legislative Budget Office (LBO) with a proposed 4.3% premium rate increase projection effective January 1, 2023, for LBO's FY 2023 budgeting purposes. Mr. Hardwick seconded the motion. The motion passed by an 8 – 0 vote with members Burkhalter, Chaney, Fortenberry, Gavin, Hardwick, Higgins, Rankins, and Smith voting affirmatively..

Agenda Item 5: Financial Statements

Chairman Welch recognized Ms. Angela Inman, Deputy Director 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 July 2021. Copies of the financial statements were

provided to Board members for their review prior to the meeting.

Agenda Item 6: General Schedule

Chairman Welch recognized Mr. Shaman, Deputy Director of the Office of Insurance, who reviewed the schedule of major activities and actions to be taken by the Board for the next several months.

Agenda Item 7: Old Business

Chairman Welch recognized Cindy Bradshaw advised there had been a meeting of the Telemedicine Subcommittee. Commissioner Mike Chaney provided the Board with a brief update.

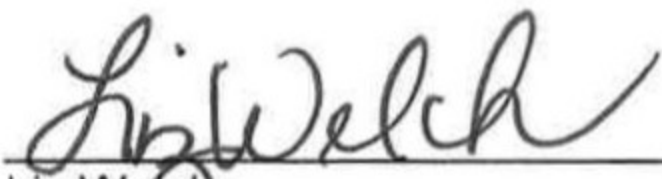
Agenda Item 8: New Business

There was no new business for the Board to consider.

Adjournment

Chairman Welch announced that the next meeting of the State and School Employees Health Insurance Management Board is scheduled for 9:00 a.m., September 22, 2021, and that details regarding meeting format and access would be forthcoming.

As there was no further business, the meeting was adjourned at 10:18 a.m.

A handwritten signature in cursive script, reading "Liz Welch", is written over a horizontal line.

Liz Welch
Chairman

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