

MINUTES
(Subject to Approval by the Committee)
State Employee Group Insurance & Benefits Committee
Friday, November 09, 2018
1:30 P.M.
Room EW42
Boise, Idaho

Co-chair Fred Wood called the meeting to order at 1:31 p.m.; a silent roll call was taken. Committee members in attendance: Co-chair Senator Todd Lakey and Co-chair Representative Fred Wood; Senators Dan Johnson and Jim Patrick; and Representatives Neil Anderson, Robert Anderst, Jason Monks, and John Gannon. Senators Bob Nonini and Mark Nye participated via conference-phone. Legislative Services Office (LSO) staff present were: Kristin Ford, Robyn Lockett and Ana Lara.

Other attendees: Bret Rumbeck - Blue Cross of Idaho; Lisa Rebman, Regence Blue Shield; Norm Varin and Tim Olson - Pacific Source Health Plans; Tony Smith and Mary Tipps - Idaho Public Employees Association; Carlie Foster - Lobby Idaho; Susan Buxton and Sharon Duncan - Division of Human Resources; Audrey Musgrave - State Controller's Office; Marnie Packard - Select Health; Shelli Stayner and Sean White - Mercer; Josh Sears - Gallagher; Jeremy Pisca and Hayden Rogers - Risch Pisca; Erin Russell - United Health Group; and Michelle Doane.

Opening remarks

Co-chair Wood thanked the committee and stakeholders for their attendance, especially given the proximity of the election. He said that the purpose for the committee meeting was to review the recommendations formulated with the help of the committee's contractor, Mercer. The committee would be provided a brief summary of the request for information (RFI) responses. He stated that Ms. Buxton would comment on the state employee benefits survey responses. The committee's contractor, Mercer, would provide a presentation on value-based care. Lastly, the committee would discuss any recommendations to be included in the committee's final report to the Legislature.

State of Idaho's total compensation employee benefits survey results - Susan Buxton, Administrator, Division of Human Resources

Ms. Buxton began her [presentation](#) by explaining that Korn Ferry, an independent, third-party administrator, had performed the employee survey and compiled the results on behalf of the State of Idaho. She explained that the documentation provided to the committee was the overall summary, but her presentation would focus on the first thirteen pages. She added that the committee members' handout also contained the diagnostic, etc. that explained how the data was analyzed.

Ms. Buxton emphasized that the survey results made it clear that employees appreciate their benefits and total compensation. She explained that the Division of Human Resources is tasked with examining the total compensation for state employees annually and providing the Change in Employee Compensation (CEC) Report. She explained that the total compensation package for state employees includes:

- Base salary;
- Paid time off;
- Medical and dental insurance;
- Life and disability insurance;
- Retirement; and
- Other employer costs (e.g., unemployment, workers compensation insurance).

The survey was sent to 18,954 employees from all three branches of government; feedback was received from 65% of employees. The responses were confidential and submitted directly to

Korn Ferry. She explained that all responses were combined and reported in aggregated form to de-identify any employee so that the answers could not be attributed back to any agency or branch of government.

Ms. Buxton stated that the survey solicited employee input on understanding, perception, relative importance, views, and trade-offs related to their total compensation. The methodology required respondents to actively prioritize choices so that the resulting data would be useful to the Legislature, Governor, and agency heads in making employment decisions. She stated that the survey allowed the respondent a certain number of medium, high, and low categories to force a distribution. She commented that the overall feedback reflected a lack of desire among employees to change the mix of benefits and total compensation package. She noted that the majority are not interested in a greater base salary at the cost of reducing benefits.

Ms. Buxton proceeded to [slide 3](#) that showed the survey participation rate among different employee groups. On the next slide, the survey found that the majority (75%) of employees responded that they understood the pay policies and practices that impact them. She noted that only 33% of respondents consider themselves to be paid fairly for the work they do. She added that only 27% of respondents believe they are paid fairly when compared to other organizations in the market.

Ms. Buxton proceeded to slide 5 and stated that 77% of state employees report that the state's current benefits package meets their need. She noted that 66% of employees believe that the benefits provided by the State are competitive. She stated that the vast majority (91%) of employees reported that they understand their job expectations. She commented that 62% of employees report receiving regular feedback/recognition/coaching. She noted that the linkage between those job requirements, performance, and compensation is noticeably less clear, as only 35% report favorably in this area. She proceeded to the nonfinancial rewards section of the survey found on slide 7. She noted that more than half of state employees felt that the State effectively helped them maintain a work-life balance. She also noted that state employees overwhelmingly responded that they would recommend the state as an employer.

Ms. Buxton explained that part of the analysis was the reward preferences and mix of elements. In order to understand the relative importance of the rewards relevance, employees were asked how they would view hypothetical trade-offs within the rewards program. She noted that only 10% of employees would be interested in greater base salary at the cost of reduced benefits. She commented that the overall feedback reflected a lack of desire to change the mix of benefits that they have now. She emphasized that while employees are overwhelmingly not interested in greater base salary at the cost of reduced benefits, employees also viewed any scenario that shifted the weight away from base salary toward other compensatory elements with particular disfavor.

Ms. Buxton stated that the survey requested a ranking of priority benefits. She said that the top four highest priority benefits are the same with statistically insignificant differences in percentages, regardless of tenure, pay grade, coverage tier, or branch of government. She noted that employees ranked their highest priority benefits as: medical, paid time off, sick leave, and retirement. She commented that similarly, employees were asked to rank nonfinancial reward programs into high, medium, and low categories. She stated that culture, climate, and stability of work were seen as high priority.

Ms. Buxton proceeded to [slide 11](#) and stated that employees were asked, "How likely would you be to select a High-Deductible Health Plan (HDHP) with a Health Savings Account (HSA) if the State made an annual contribution to your account of \$500 for single coverage (\$2,000 deductible) and \$1,000 for family coverage (\$4,000 deductible)?" She noted that 56% of employees responded that they would be unlikely to select a high-deductible plan with a health savings account. She emphasized that more than four thousand comments regarding this topic reinforced the unlikely responses indicating that the financial trade-off either does not make sense, is unfair, or would not work for their family situation. She stated that trade-offs in health care costs were viewed unfavorably by

employees, while feedback on reduced provider access was mixed. She commented that while only 15% of employees responded that they would be likely to select a high-deductible health plan with an HSA, 42% of employees indicated that they would likely select a narrower provider network for a lower monthly premium. She added that an additional 4,255 comments on this question reflected the wide distribution of responses and showed both receptivity as well as skepticism.

Ms. Buxton stated that, in response to a hypothetical question regarding premiums increasing, the over 10,000 comments received overwhelmingly indicated that employees would have a negative view of family health insurance premiums increasing substantially. The majority of employees indicated that they would look for other employment if such a change were implemented, as benefits is a significant reason they choose to work for the State. She stated that employees were given an opportunity to provide any additional thoughts that may not have been covered in the survey questions. The comments reinforced early survey responses that employees are not interested in trade-offs that alter the current mix of pay and benefits.

Ms. Buxton emphasized that the survey results are important because the Legislature has established the goal for the state employee total compensation system to fund a competitive employee benefit package in order to:

- Attract qualified applicants for the workforce;
- Retain employees who have commitment to public service excellence;
- Motivate employees to maintain high standards of productivity; and
- Reward employees for outstanding performance.

She noted that private sector organizations survey employees more often regarding employee impact for recruitment and retention purposes. She commented that recruitment and retention of state employees continue to be significant challenges due to the State of Idaho's low salaries and the fact that Idaho has a low unemployment rate, which encourages the private sector employers to pay higher wages. She noted that the skill gaps are impacting a variety of statewide jobs. She expressed hope that the survey would assist the Legislature, Governor, and state agency leaders in factoring any changes that would impact the state employee total compensation package.

Discussion

Representative Anderson referred to [slide 4](#) and noted that employees were asked for their perception regarding their pay. He stated that while their perceptions do matter, there is no way of knowing from the survey how the opinion was formulated. He noted that the survey results indicate that 27% of state employees believe that they are fairly compensated in terms of pay, 66% believe they are fairly compensated in terms of benefits, and 71% of state employees would recommend the State as a good place to work. It seemed to Representative Anderson that the data was a bit inconsistent on a numeric front. Ms. Buxton responded that in reviewing the state employee comments, employees are well aware that they made a conscious trade-off to work for the State of Idaho knowing that their salary would be less, but the benefits would be adequate for the needs of their families. She added that employee comments demonstrate that they enjoy their work and find the work to be meaningful.

Representative Anderson inquired about the driver behind why some people believe they are paid fairly and others do not. Ms. Buxton responded that the survey responses were even among the groups; there was no statistical difference among the responses with regard to agency, branch, pay grade, or years of service. Representative Anderson commented that people at times have correct and incorrect perceptions and the manner to verify these perceptions is with fact. If, in fact, a deficiency exists in pay, for example, then it is a matter of remedying it with funds; if the perception regarding pay is faulty, then education should be provided to inform the perception.

Senator Patrick inquired about on-site medical clinics. Ms. Buxton responded that employees were asked to review a list of benefits that included on-site medical clinics. The Division of Human

Resources worked with OGI and discussed various plan designs; OGI was interested in knowing whether employees would be interested in on-site medical clinics. The survey found that most employees included it in the low-priority category and were not interested in this benefit. Senator Patrick asked how comments were weighed in the matrix. Ms. Buxton explained that the comments were not weighed in the matrix or percentages provided in the survey results; the survey data was based on the actual questions that were answered and the employees' prioritization of benefits. She further explained that the comment sections of the survey allowed the employees to provide more information, pose questions, and clarify input.

Representative Anderst referred to slide 9 and asked whether an employee may have given a benefit a low prioritization due to nonuse. He further inquired whether the State of Idaho has any on-site clinics anywhere in Idaho at this time. Ms. Buxton responded that the health plan does offer telehealth, but she would defer to Ms. Jennifer Pike from OGI to respond on whether on-site clinics are offered by the State.

Representative Anderst referred to [slide 11](#) and noted that the question failed to mention that the selection of a high-deductible health plan would result in a lower premium, but the second question on slide 12 did mention that selection of a narrow network would come in exchange of a lower monthly premium. He asked if the difference in language would have changed the responses to the questions. Ms. Buxton deferred to Korn Ferry and stated that she would provide their response to the committee at a later time. She explained that the intent with the health care question was to ask questions based on the information discussed by the committee regarding certain health plan options.

Senator Johnson referred to the e-mail distributed to the state employees by Korn Ferry. He asked whether some of the language provided in the e-mail may have swayed the feedback and responses from state employees by implying that the state was considering changes to the employee total compensation package. Ms. Buxton responded that the language in the e-mail was provided by the Governor's Office and the Division of Human Resources and was meant to inform employees that there had been discussions regarding the employee total compensation package. She emphasized that there was no intention to sway the survey responses. Senator Johnson stated that he did not question the quality of work or the intention of anyone involved, but he heard from many individuals who were shocked to learn that, per the e-mail's language, the State was considering changes to the employee total compensation package. He noted that in a follow-up e-mail, links to the committee's minutes and meeting materials were provided and may have provided the respondents, at that time, with some comfort and reassurance.

Co-chair Wood reminded the stakeholders that the committee had stated, on more than one occasion, that it did not intend to change the benefit package. In fact, the committee had discussed whether or not it should retain its grandfathered status and reminded everyone that if the state chose to forgo its grandfathered status, it would be to the state employees' benefit because more preventive care would be covered. He stated that the committee has been focused on finding ways to control costs going forward for group insurance and reviewing the employer and employee ratio (currently 90:10) for health insurance costs.

Summary of the responses to the Dept. of Administration's request for information (RFI) - Jennifer Pike, Administrator, Office of Group Insurance

Ms. Pike stated that the purpose for the RFI was to determine what health care services were available in Idaho. She commented that the RFI was developed with particular care to stay within the confines of an RFI. The OGI released the RFI on August 13, 2018; all RFI responses were due by September 20, 2018. She said that OGI reviewed the 16 responses it received and a copy of the responses was submitted to the committee's consultant (Mercer). She stated that each of the major medical carriers offered similar services, but their priorities were different and/or they used

different strategies. She stated that the ability to partner with multiple vendors has its benefits, but the drawback could be potentially higher administrative costs.

Ms. Pike noted that all vendors are exploring nontraditional reimbursement methodologies in order to help mitigate health care inflation year after year. She said that carriers also continue to attempt to improve the member experience with program enhancements around wellbeing, advocacy, and care management. She stated that, should the state move forward on the time line presented months ago:

- The RFP should require each carrier or administrator to submit a detailed network analysis on how they could serve the entire state;
- The OGI's actuary, Milliman, would produce a thorough claims repricing analysis to ensure that total expected claim costs are identified;
- The OGI would review ideas regarding unbundled services to see whether it would be more beneficial than continuing with bundled services;
- Focus would be placed on value-based reimbursement strategies, enhanced advocacy and wellbeing programs, pharmacy, and contractual financial terms; and
- The OGI would review ways to enhance features, employee engagement, and cost-saving solutions.

Ms. Pike said that the state has the statutory and functional capabilities to implement several cost containment strategies that have been brought forward with the RFI process (e.g., PBM outsourcing to a third-party, alternative benefit contribution approaches, enhanced member engagement). She emphasized that benefits are an important part of total compensation for state employees. She stated that the OGI is committed to continuing its research and work to ensure that the state is providing a comparable benefit program that is cost-effective for future years to come. She referred to the RFI executive summary [handout](#) and noted that the exhibits list the medical providers and the services they provide.

Discussion

Senator Johnson referred to page 3 of the [RFI executive summary](#) and asked who would conduct the request for proposals (RFP) process. Ms. Pike responded that by statute the director of the Dept. of Administration is the authority who negotiates benefits on behalf of all state employees. Senator Johnson asked if the recommendations detailed on the executive summary were directed to the Dept. of Administration. Ms. Pike responded in the affirmative. Senator Johnson asked whether the RFI has been used to narrow down the specifications for an RFP. Ms. Pike responded that the information gathered from the RFI would be used to structure questions; however, OGI had not yet begun the RFP process.

Co-chair Lakey asked whether the broad categories in the RFI placed any limitations on what can be included in the RFP. Ms. Pike responded no, they did not. Co-chair Lakey stated the committee's desire for a detailed RFP in order to evaluate the detailed responses. He recognized that the RFP selection process was under the Dept. of Administration's purview, but voiced the committee's desire to cooperatively develop the RFP.

Representative Gannon asked what the estimated costs would be for proceeding with an RFP. Ms. Pike responded that the RFP process would be included in OGI's duties and is included in services provided by OGI's consultant in its standard monthly fee; the only additional cost would be the actuarial services.

Senator Patrick asked if the state had paid the ACA tax fee recently. Ms. Pike responded that, currently, the federal government had put a moratorium on the health insurer fee, and the tax had not been paid for the current year. She added that the state had not paid the tax for two of the last three years.

Representative Anderson referred to the executive summary's language on page 3 and stated his understanding that the state had already made a decision to pursue an RFP. Ms. Pike stated the Dept. of Administration's intention to continue with the Governor's timeline for the RFP process and added that they were awaiting direction from the Governor-elect as well. Representative Anderson inquired about the timeline OGI was operating under. Ms. Pike responded that it was operating under the timeline referenced in Mr. David Hensley's [letter](#). Representative Anderson inquired about the estimated implementation date. Ms. Pike responded that it could potentially be implemented during the 2020-2021 plan year.

Representative Gannon inquired about the makeup of the RFP. Ms. Pike responded that the RFP could potentially consist of a single document that asks vendors to quote on multiple different services. Representative Gannon asked about the plan options and costs to state employees. Ms. Pike explained that the state would first select a plan design for its health insurance plan, and then determine the funding model and, more specifically, what portion of the health care costs would be paid by the state and its employees through premium contributions, co-pays, deductibles, etc. Representative Gannon asked whether a potential result from a new RFP could be higher costs to state employees. Ms. Pike responded in the affirmative, but explained that the goal was for vendors to propose new pricing that would lower the plan costs overall for both the state and its employees.

Mercer's response to the Dept. of Administration's request for information (RFI) - Shelli Stayner and Sean White, Mercer

Ms. Stayner stated that Mercer had served as the committee's consultant for the last two years and together they had discussed the State of Idaho's options and opportunities regarding the health care benefits provided to state employees. She stated that Mercer had read all of the RFI responses and had produced a business spreadsheet, similar to OGI's exhibits, that listed the names of the vendors and what services they offered. She noted that Mercer did not make a formal opinion regarding the responses or the responders. She stated that Mercer's approach has been to focus on specification regarding:

- How the vendor would provide the services;
- Whether the vendor can fit the needs of the state throughout the entire state;
- The cost of the services; and
- The potential return on investment (ROI) for the State of Idaho on an ongoing basis.

She emphasized that Mercer did not have an opinion on the RFI.

Value-based care model presentation - Shelli Stayner and Sean White, Mercer

Ms. Stayner stated that they would discuss value-based care and provide an overview of the recommendations and issues the committee had discussed over the last couple of years. She referred to slide 3 of the [presentation](#) and reminded the committee that Mercer's recommendations in 2017 were:

1. The State of Idaho should self-fund state employee health benefits;
2. The State of Idaho should exempt itself from Chapter 40, Title 41, Idaho Code, just as the state had exempted all the counties in 2001;
3. Twenty-three cost savings programs that have been shown nationally, if implemented using first-in-class vendors and properly operated, to provide long-term reductions in annual increases of health care costs; and
4. The state should replace its current three health benefit plans for employees with the Mercer recommended plans on [slide 3](#).

Ms. Stayner proceeded to slide 4 that listed the committee's recommendations from its [2017 final report](#). The intent language from [H715](#) (2018) was referenced on slide 5.

Ms. Stayner stated that the interpretation of value-based care will vary among entities. Mercer, with the support of the co-chairs, developed a proposed definition for the State of Idaho. The definition proposed was, "The State of Idaho defines 'value-based care' as linking provider payments to improved quality through adherence to evidence-based clinical guidelines and improved patient engagement while managing costs through efficient care delivery and reduced waste in the system. Models should hold health care providers accountable for cost, access, patient experience, and quality of care with efficient, effective, and outcomes-based practices that minimize costs to employees and plan sponsor. Patients are cared for, or patient is managed in a patient centered medical home (PCMH) environment, by a multi-disciplinary team. A coach or care manager engages the patient, assesses health risks, and develops an integrated care management plan. Self-care management is enabled through tools, processes, and benefit design. All parties are held accountable for the patient's health." She noted that the guiding principles for value-based care on slide 7 were supported by Mercer's clinical staff as well as the Health Care Payment and Learning Action Network on alternative payment models.

Mr. White stated that his part of the presentation was a review of the various elements and priorities for the State of Idaho to consider should the State choose to proceed with the RFP process. He directed the committee to slide 11 and explained that the specific strategic components are classified into four categories: care delivery, workforce health, program design, and delivery structure. He proceeded to [slide 12](#) that provided a strategic roadmap and theoretical timeline that was included in H715 (2018).

Ms. Stayner proceeded to [slide 14](#) and emphasized the need for the State of Idaho to begin:

- Paying for value instead of the fee-for-service model;
- Pursuing quality and eliminating waste in the health care system;
- Personalizing the experience and providing transparency/quality resources to the members; and
- Embracing change.

She directed the committee to a list of key issues facing value-based care growth on [slide 17](#). She referred to a list of critical elements on [slide 20](#) that would help the State determine who would be the best administrator for the health care plan.

Ms. Stayner emphasized the need for the State to have a value-based care or ACO model that can articulate its goals and what it hopes to achieve on behalf of the state employee population. She emphasized the need for the State to have a financial model that is clearly articulated to provide transparency and clarity regarding the financial reconciliation methodology.

Mr. White noted that both the strategy development process and RFI have been completed and stated that it would be beneficial to review the specific areas of detail to include in an RFP. Mr. White directed the committee to [slide 27](#) and commented that during the RFP process, there will be a lot of detailed comparisons among the carriers' capabilities. He emphasized that it was critical to request the information needed to understand the carriers' abilities to support various funding alternatives in the RFP. He concurred with Ms. Pike's proposal to obtain actuarial services to understand and verify the provider contract arrangements. He noted that there are many carriers available to the State, but there are significant differences in the arrangements they have in Idaho and some arrangements are far more competitive than others.

Mr. White remarked that the State, as the plan sponsor, has the opportunity, through the RFP process, to assess the capabilities of the medical carriers in the areas of chronic conditions management, disease management, high-cost claims, etc. He also noted that the State also has the option to consider partnering with best (unbundled services) in class providers of certain services in these areas. He emphasized the need to create the RFP in such a way that it asks the questions, to the degree needed, to assess the carrier capabilities. He noted the importance of structuring

the RFP to allow the unbundled providers, who are focused purely on these areas, to provide a quote and speak to their capabilities.

Mr. White pointed out that state employees currently have access to telemedicine, but the State could choose to review other telemedicine options through the RFP process. Mr. White reminded the committee that the State has the option to carve-in pharmacy benefits with a medical carrier. He commented that the structure of the pricing review portion of the RFP will be crucial to understanding whether it makes the most sense for the State to carve-in or carve-out pharmacy benefits. The RFP should also provide enough flexibility to address the carve-out scenario by exploring whether a collective purchasing arrangement or a direct contract arrangement makes the most sense.

Mr. White said that the State of Idaho's employee population is large enough where it could consider forgoing stop-loss, but recommended that it be part of the review process of the RFP to assess whether it makes sense to explore self-funding. He noted that, based on Mercer's survey data, 36% of employers with 20 thousand employees or more do include stop-loss with an average individual coverage level of \$750 thousand. He explained that the market is seeing an increasing prevalence of claims of multiple millions of dollars, and while an employer the size of the State of Idaho could absorb the claims in the overall budget, it would be worth exploring some level of significantly high stop-loss through the RFP.

Mr. White stated that employers are increasingly recognizing the impact of behavioral health and there are many new programs available to employers. He commented that while these vendors are focused in a narrow area, they have the potential to add significant value for employers and to the employees covered under the plan. He emphasized the importance of structuring the RFP to allow these types of providers to respond.

Mr. White stated that, regarding health savings accounts (HSA), the State has options in terms of who to choose to administer the HSA. He noted that when a high-deductible health plan is first introduced, it is most common for the employer to partner with the HSA administrator that has partnered with the medical carrier. He noted that the HSA plan design is not an RFP decision. He explained that how the state chooses to fund the HSA is a benefit plan management decision and separate from the RFP.

Mr. White proceeded to slide 32 and stated that it was presently unclear to what extent the State could take advantage of the SHIP program within the employee benefit program. Mercer chose to retain the option as a potential strategy that could add value to the program. He explained that the last three options (e.g., catastrophic plans, spousal surcharge, tobacco nicotine surcharge) were benefit management decisions and were not relevant to the RFP process.

Discussion

Representative Gannon asked if the program presented by Mercer differed from the State of Idaho's current health care plan for state employees. Mr. White responded that the strategic roadmap represented change from the state's current program. For example, under the proposed roadmap, a member would have the option of pursuing a second opinion. The member could then, in theory, choose between pursuing surgery as recommended by the first physician or pursuing therapy as proposed by the second physician. Ms. Stayner reminded the committee that the intent is not to eliminate the current health care benefits for employees, but to transform the payment methodologies and quality factors within the health care plan. She explained that it was difficult to answer theoretical questions because conclusions had not yet been reached regarding the specifics of the health care plan (e.g., plan design, value-based providers, carriers).

Representative Gannon suggested that, if the State did not wish to reduce employee benefits, then it should preclude certain proposals that would reduce the choice of physicians, for example. Co-chair Wood noted that the three current health care plan designs should be equitably valued for the choices offered and are not currently equitably valued as such.

Representative Gannon asked how much of a factor is the average age of state employees in regards to health care premiums. Mr. White responded that age is a large driver in the cost of health care and what an employer pays for health care. He explained that, typically, for every increase in average age across a population, one can expect an increase in cost by 3% to 4%.

Final Discussion

Co-chair Wood called for final discussion and any recommendations to be included in the committee's 2018 final report to the Legislature.

Representative Anderson inquired about who would assess the responses to the RFP and award the contract, oversee the implementations, and authorize any changes to the health care plan. He also asked if Mercer's relationship with the committee would be ongoing.

Co-chair Wood stated that Mercer's relationship is with the committee. He reminded the committee that there would be a new administration soon and hoped that the Legislature would have a good relationship with the new administration. He suggested that many of the answers to Representative Anderson's questions would depend on how the new administration decides to proceed. He noted the committee's hard work and its identification of many elements that should be incorporated into an RFP. He summarized his desire for an RFP to take into account all the innovations in health care that are currently being performed in Idaho and that the RFP process be very competitive and fair. He emphasized the critical importance of the RFP structure as well as the manner in which it is written. He advocated for a judging panel of experts, with no conflicts of interest whatsoever, to assess the RFP and determine its award. He suggested that the new administration should make its position known regarding whether the state should self-insure or not. He opined that the State should self-insure.

Recommendations for the committee's 2018 final report

Co-chair Wood noted that interim committees are discouraged from meeting during session. He stated that the co-chairs and germane committees would take any action needed during the legislative session. He emphasized the need to engage the new administration as soon as possible to determine how the committee's recommendations are going to be considered and how H715 (2018) would be implemented.

Co-chair Lakey noted that the committee's process was an effort to work together with the executive branch, and balance the separation of power between the executive branch and the legislative branch. He stated that the ultimate action regarding the RFP rests within the executive branch. He said that the role of the Legislature is to fund the health care plan, which is why both branches of government need to work together. He reminded everyone that H715 (2018) is still in place until the end of the fiscal year and includes the elements that the Legislature would like to see included in the RFP. He expressed his hope that the Legislature can work together with the Dept. of Administration and the new Governor and his staff toward an RFP that is detailed and covers the areas recommended by the Legislature. He commented that, in regards to the committee final report, many of the committee recommendations could be incorporated from H715 (2018). He suggested that the final report could also include the proposed definition of "value-based care."

Representative Anderson asked if the committee was comfortable with the timeline outlined in Mr. Hensley's letter. He also inquired about the future of the committee and whether there is a need to request the continuation of the committee. Co-chair Lakey stated that the co-chairs would stay engaged if any germane committee work is needed. He opined that the timeline as described by Ms. Pike regarding issuance of the RFP was fine, but would rather have it sooner than later. He did not presently have an opinion on whether the continuation of the committee would be necessary and suggested deferring to legislative leadership to make that determination.

Representative Gannon commented that, in the event that benefits are reduced or the cost of health care is increased for employees, the salary for state employees should be increased, similar to private

sector levels, to provide a balance. Co-chair Lakey stated that the Change in Employee Compensation (CEC) Committee would address any salary benefits component of the total compensation package, and noted that Representative Anderson serves as the chairman of the committee.

Co-chair Lakey recommended that the final report include a request that the Dept. of Administration utilize Mercer's work, to the greatest extent possible, particularly its recommendations, questions, etc. and that what Mercer recommended be included in an RFP.

Co-chair Wood asked LSO staff to prepare a final report draft for the committee to review and submit to the Legislature by November 30, 2018.

Co-chair Wood called for the approval of the June 21, 2018 minutes. **Senator Johnson made a motion to approve the June 21, 2018 minutes. Representative Anderst seconded the motion. The motion carried by voice vote.**

The committee adjourned at 4:20 p.m.