MINUTES
Approved by the Committee
State Employee Group Insurance & Benefits Committee
Thursday, September 01, 2016
9:00 A.M.
EW42
Boise, Idaho

Co-chair Representative Fred Wood called the meeting to order at 9:00 a.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, Jim Patrick, and Dan Schmidt; Representatives Neil Anderson, Jason Monks, and Hy Kloc. Senator Robert Nonini participated via phone-conference. Absent and excused: Representative Robert Anderst. Legislative Services Office staff present were: Kristin Ford, Robyn Lockett, and Ana Lara.

Other attendees: Jennifer Pike - Dept. of Administration; Don Drum - PERSI; Bethany Calley - Ada County; Dave Larsen - Gallagher Benefit Services; Tom Donovan and Weston Trexler - Dept. of Insurance; Robert Schmidt - Milliman Associates; Susan Buxton - Div. of Human Resources; Jason Kreizenbeck and Carrie Foster - Lobby Idaho; and Norm Varin - Pacific Source Health Plan.

NOTE: presentations and handouts provided by the presenters/speakers are posted on the Idaho Legislature website: https://legislature.idaho.gov/sessioninfo/2016/interim/insurance; and copies of those items are on file at the Legislative Services offices located in the State Capitol.

Co-chair Representative Fred Wood explained that the agenda for this meeting is primarily focused on self-funding health plans in the state of Idaho and whether this would be something the committee would be interested in recommending to the Legislature.

Supplemental information from August 3, 2016 meeting

Co-chair Wood called upon Ms. Jennifer Pike, Administrator for the Office of Group Insurance (OGI), to present the supplemental information from the August 3 meeting. Ms. Pike began her presentation by addressing the first question on the request list for additional information from the previous meeting. She explained that a breakdown in costs could be found on the claims and enrollment section.

Ms. Pike stated that the trend rates requested by the committee could be found in the claims and enrollment section, State of Idaho Trend Chart. She proceeded to address questions regarding how long the EAP benefit had been offered by the state program and about the details of the utilization. In the reserves section, there was detailed information regarding reserve usage and she emphasized that at no point in the last 10 years had the state exceeded the reserve obligation. Senator Schmidt referred to line 5, and asked if 'total expenses' reflects the administrative cost that is paid. Ms. Pike responded in the affirmative, and clarified that it includes: administrative costs, taxes, and fees. He followed up by asking what the trend has been for the administrative cost. She replied that it has been fairly consistent because it has not increased at the same rate as medical and dental costs; it has increased about 3% each year while claims have increased 8% each year. Senator Lakey asked what the trend for taxes have been and she referred to the State of Idaho ACA Tax Fee Flyer.

Senator Schmidt asked how the state decides how much to hold in reserve. Ms. Pike responded that it was a group effort among Blue Cross, the Dept. of Administration, LSO (Legislative Services Office), and DFM (Division of Financial Management) to negotiate what the reserve amount should be.

Ms. Pike continued to the comparable plan section which describes Blue Cross of Idaho's plan structures and rates on the individual medical insurance plans comparison sheet. It provides a side by side comparison of what the plans offer. The next tab was the grandfather/ACA tab which lists covered services required for nongrandfathered plans under the ACA, and a comparison of what the

current plan covers and the cost-sharing. The final document in this section was a healthcare reform legislative brief that Propel Insurance has put together for many of their clients.

Co-chair Wood emphasized that one of the most important factors that is going to help determine what the committee recommends to the legislature is what other health plans are able to do in the state of Idaho - particularly the self-funded plans. Co-chair Wood thanked Ms. Pike for her presentation and efforts.

The committee recessed at 9:45 a.m.

At 10:36 a.m., Co-chair Wood called the meeting back to order. Co-chair Wood addressed pending approval of the minutes from the meeting held on August 3, 2016. **Representative Kloc made a motion to accept the minutes. The motion passed unanimously.** Co-chair Wood then referred to the Legislature's website and reiterated the committee's request for the public to submit written comments to the committee.

Public Entity Self-Funding - Cydni Waldner

Co-chair Wood called upon Ms. Cydni Waldner to introduce herself and begin her presentation. Ms. Cydni Waldner stated her employment with the law firm Hawley Troxell and explained that she would be presenting about ACA grandfathering and self-funding issues with respect to public entities.

Highlights and additional facts for Ms. Waldner's presentation included:

- Grandfathered qualifications include: plan existence on March 23, 2010 and no prohibited changes to cost or coverage.
- Grandfathered plans are exempt from: covering clinical trials, covering preventive services, patient protections, out of pocket maximum, nondiscrimination rules, and the expanded appeals process.
- Healthcare reform requirements that do apply to grandfathered plans include: employer penalties, automatic enrollment (if and when required), cadillac plan excise tax (again, if and when required), pre-existing condition prohibitions, and waiting period limitations.
- Additional healthcare requirements that apply to grandfathered plans include: elimination of lifetime and annual limits for "essential health benefits," prohibition on rescission, dependent coverage for children under 26, summary of benefits and coverage (SBC), and other applicable laws (HIPAA, GINA, etc.).
- Prohibited changes in grandfathered plans include: adding or lowering annual limits, eliminating benefits for a condition, increase in percentage of cost-sharing, increase in fixed cost-sharing of more than 15% above medical inflation, decrease in employer contribution of more than 5%, and changes to wellness programs that increase cost-sharing.
- Employers may transition from being insured to self-funding, as long as no other terms are changed that would cause loss of grandfathered status.
- Some factors to consider when deciding whether to leave grandfathered status are whether you: have a significantly higher OOP limit than the ACA, have carve-out plans for upper level employees, want to avoid insurance market changes especially in a small group market (e.g., essential health benefits), and do not want to cover contraceptives or preventive services.
- When considering leaving grandfathered status, compare cost of exceptions with cost changes you would like to make.
- Future developments for the ACA include an updated template for the summary of benefits and coverages (SBC) that will be introduced in 2017, and preventive services updates; these do not apply to grandfathered plans.
- Non-federal government plans are: not subject to ERISA, subject to the Internal Revenue Code regarding taxation of benefits, regulated by CMS, and also subject to state law.

- State laws that apply to government plans include: state domestic relations laws, state nondiscrimination laws, state stop-loss regulations, state regulation of TPAs, state tax on healthcare claims paid, state surcharges on healthcare providers, and state escheat/unclaimed property laws.
- According to NCSL, 46 of 50 states now self-fund at least one of their healthcare plans.
- Self-funding is attractive for states because long-term employment means wellness and other incentives have a chance to work, and a large population creates inherent risk-sharing.
- In Idaho, non-federal, non-county plans that are not ERISA plans must register with the State Dept. of Insurance in order to be self-funded.
- Potential compliance issues include: a lengthy process, all contracts are reviewed extensively, specific fidelity bond and stop-loss insurance are required, and specific actuarial funding. There is a lack of cost predictability with self-funding plans; you take on the risk of the insurance company.
- Potential positive factors of self-funding include: plan design flexibility, cost savings, PHS (public health service) opt-outs, and a long term approach (3-5 years to see results).

Discussion:

Co-chair Lakey asked if the list of preventive services changes over time and whether it is done by rule-making or legislation. Ms. Waldner responded that the list is updated from time to time, and it is done through rule-making. Co-chair Lakey requested LSO staff obtain a list of those services. He followed up by asking what health factors are involved in the non-discrimination rules. She explained that the ability to charge individuals a higher premium due to pre-existing conditions or exclusions are now prohibited under the ACA. Grandfathered plans are still able to use a risk-analysis to determine what kind of premiums they will charge.

Co-chair Lakey asked Ms. Waldner to explain the external appeal process. She explained that after all internal levels of appeals have been exhausted, participants are sent a notice that notifies them of their right to appeal to a third-party external entity. The external entity provides a decision within 120 days which is binding upon the plan and the participant. After this point, appellants may pursue court action.

Senator Schmidt asked if prohibited changes would also apply to benefits that are provided to dependents. Ms. Waldner responded in the affirmative. Representative Anderson asked if the 5% limit on decreasing employer contributions is a yearly limit or a permanent restriction. She replied that it was a permanent restriction. Senator Johnson asked if the fixed cost-sharing was based on the medical inflation measured in 2010. Ms. Waldner explained that each year the medical inflation number is calculated and there is a 15% add-on above that.

Co-chair Wood asked if Ms. Waldner could comment on how much the cost-savings would be if the state of Idaho was exempted from registering with the Department of Insurance. Ms. Waldner responded that while she could not speak to what the dollar amount would be, she stated that it would be significant dollars savings and it would place the plan more comparatively on the status of an ERISA self-funded plan. Representative Anderson asked if increasing costs are required to be allocated in the same percentages (90% employer and 10% employee). She responded in the affirmative and explained that this was part of the percentage-allocation; this percentage applies to whatever the increased cost is going forward. Representative Anderson followed up by asking if a grandfathered plan was to give up its grandfathered status, would it alter the percentage-allocation ratio. She responded that once a plan elects to forgo its grandfathered status, it could set this percentage to wherever it would like without any ramifications or implications other than employee relations.

Senator Johnson asked if Ms. Waldner could speak to why the state of Idaho does not permit cities to have self-insured plans, but counties can have them. She responded that she could not speak to how the exemption was placed into law.

Self-funding Model Versus Current Model - Deputy Director Tom Donovan and Weston Trexler

Co-chair Wood called upon Mr. Tom Donovan, Deputy Director of the Dept. of Insurance, to introduce himself and begin his presentation. Deputy Director Donovan explained that he would be presenting with Mr. Weston Trexler, actuary for the Department of Insurance, about the self-funding plans that the Department of Insurance (DOI) reviews.

Highlights and additional facts for the presentation included:

- The Employee Retirement Income Security Act (ERISA) was enacted into federal law in 1974 (codified at 29 USC Chap. 18).
- ERISA passed in response to instances where employers had failed to prudently manage pension funds, had terminated pension plans without sufficient assets to pay the benefits employees had earned, or had created impediments to earning a pension, such as onerous age and service requirements.
- Insurance is regulated primarily on the state level and not on the federal level. If there are specific state insurance laws, ERISA is not designed to preempt them. However, anything specifically provided in ERISA preempts state law.
- Government plans are excluded from ERISA coverage.
- ERISA does not apply to governmental or church sponsored self-funded health benefit plans. Plans sponsored by cities, school districts, highway districts, public universities, etc. are generally subject to registration with the Idaho Department of Insurance under either Title 41 Chapter 40 or Chapter 41, Idaho Code.
- Chapter 40, Idaho Code, applies to a single or multiple employer self-funded health benefit plan.
- Chapter 41, Idaho Code, applies to self-funded plans established by a group of public agencies through a joint powers agreement under Section 67-2328, Idaho Code.
- DOI is involved in order to put in place safeguards to prevent providers from not being paid and ensure that employees have the coverage they expect.

Under the exemptions in Chapter 40, Idaho Code, no registration shall be required of:

- Any plan established for the sole purpose of funding the deductible of an insurance contract if the deductible does not exceed ($5,000) per year for each beneficiary;
- Any plan for the purpose of complying with any worker's compensation law or unemployment compensation disability insurance law;
- Any plan administered by or for the federal government or agency thereof or any county of this state;
- Any plan which is primarily for the purpose of providing first aid care and treatment by an employer; and
- Any plan offering only dental and/or vision benefits, where such benefits are limited to no more than a total $5,000 per beneficiary per year.

There is often some common confusion with:

- Employees who don't realize a self-funded plan is not insurance.
- Brokers/consultants/producers who have sought to help public entities and others set up a self-funded plan.
- Plan sponsors wanting to retain control as opposed to setting up an irrevocable trust to oversee the plan.

Additional highlights and additional facts for the presentation included:

- One of the biggest issues the DOI sees is the idea of control by the plan sponsor or by the employer; an irrevocable trust and trustees needs to be set in place. An employer is not able to act as a trustee, but an employee can be a trustee.
- Plans should not use normal insurance terms (i.e., premiums, co-payments, deductibles, etc.). It's not a contract of insurance, it's a benefit plan that the employer sets up by depositing funds into a trust in advance.
- It must require all contributions to be paid in advance and deposited into a trust fund created by the irrevocable trust agreement.
- Trustees must be competent and are responsible for operating and managing the trust as a fiduciary.
- The trust fund is legally liable for payment of all benefits promised; trust fund assets are not liable for employer plan sponsor obligations.
- The trustees of a plan are required to maintain full and accurate records of its minutes, correspondence, and accounts at all times that covers the financial transactions and affairs of the trust.
- Trustees are required to obtain a bond that would cover not only the trustees, but also any officers or directors, for any fraud or dishonest practices. Bond amounts are 10% of the contributions for the prior year or expected year if the plan is newly operational.

Examples of permitted investments are:

- General obligations of state, federal, and municipal governments;
- Obligations that are guaranteed by a government or agency thereof;
- Corporate bonds that meet a specific provision in the investment chapter (chapter 7) that are deemed less risky;
- Collateral loans so long as the loan is adequately secured by collateral;
- Deposits in charter banks; and
- Investments in solvent stock companies organized in the US and Canada as well as investment companies that are registered with the Securities and Exchange Commission.

Prohibited investments include:

- Loans to or security from the plan sponsor;
- Personal loans; or
- Any type of security where someone who is directly involved in the trust (i.e., trustee) has a direct pecuniary or financial interest.

Deputy Director Donovan introduced Mr. Weston Trexler and Mr. Trexler continued the rest of the presentation:

- In regard to reserves that are required for self-funded plans, a plan is to file an annual actuarial study demonstrating that rates are sufficient, as well as that the reserves are meeting the reserve requirements and that the plan has adequate surplus to meet at least the minimum surplus requirements.
- A reserve is calculated by an actuary and is considered a liability on the plan's book, not an asset.
- The trust is required to maintain a minimum surplus of funds. Surplus is defined as the total amount of assets (funds) in or owned by the plan in trust minus the liabilities of the plan.
- High level differences between Chapter 40 and 41, Idaho Code are listed on slide 12.
- The ACA provisions that are required for either the grandfathered plan that is fully insured, the grandfathered plan that is self-funded, and the non-grandfathered plan that is self-funded are listed on slide 13.

Discussion:

Senator Johnson asked in regard to dollars that are put down on self-insured plans earning interest - what are the limitations and how are they invested. Deputy Director Donovan responded that there are limits in terms of the investments in what is permitted for self-funded plans under Chapter 40, Idaho Code. They are similar to limits that exist for an insured plan, but are not identical; both are designed to be fairly conservative.

Senator Nonini asked how the statewide school self-insured plan is regulated and monitored. He responded that the plan is registered with the DOI. Senator Nonini followed up by asking if the statewide school self-insured plan would fall under the non-federal government self-funded plan category. He stated his believes that it does.

Self-funding model: financial aspects; impact on value-based health care delivery system - Robert Schmidt

Co-chair Wood called upon Mr. Robert Schmidt, consultant for Milliman Associates, to introduce himself and begin his presentation.

Highlights and additional facts for the presentation included:

- In a fully-insured plan: employer pays the insurer a premium, claims are paid by the insurer, and insurer keeps a portion of the premium for expenses.
- In a self-funded plan: claim payments and expenses are paid directly by the employer, a trust is created for this purpose, employer may purchase stop-loss coverage to insure against large claims, and the employer usually contracts for administrative services only (ASO).
- In minimum premium contracts (hybrid): it is a fully insured plan, employer deposits funds into an account, funds are transferred out of the account by the insurer, and the insurer is liable for claims above the expected amount (similar to stop-loss).

Current State of Idaho Funding Arrangement:

- The State of Idaho (SOI) has a fully insured plan;
- Monthly settlement with Blue Cross of Idaho (BCI);
- BCI requires reserves of 10% of premium (used for unexpected claims);
- The SOI's maximum liability is 110% of annualized premiums; and
- Fees for fully insured plan (health insurer fee under the Affordable Care Act (ACA) and state premium taxes which go to the Idaho general fund).
- The state's primary plan is referred to as a PPO; according to the Kaiser Survey of Employer-Sponsored Health Benefits, from 2008 to 2015 the percentage of employees from those employers that were in self-funded PPO plans increased. Those with a size range of 5,000 employees, the percentage of employers that are self-funding is roughly 90%; this percentage includes private entities and state/local governments.
- Advantages of self-funding: reduced state premium taxes, eliminate health insurer fee under the ACA, and improved cash flow.
- Disadvantages of Self-Funding: governance by independent board of trustees rather than the Legislature, assumption of risk, legislative approval is required, transitional costs, and ongoing operating costs.
- Slide 10 lists the fully-insured projected costs.
- Slide 11 lists the self-funded projected costs. The paid claims actually decrease over this period. He explained that if the state of Idaho goes self-funded, BCI is liable for the claims already incurred, and during the first couple of months the claims that are paid will not be very high because BCI will be paying the IBNR (incurred but not reported) claims. However, the state will

have to set up the IBNR and so there is no savings in claims. There are savings in paid claims, but it is not true savings due to setting up the IBNR. The real savings is in the ACA fee; projected savings are 38 million in the 3 year period.

- Two kinds of reserves recommended to the state of Idaho for self-funding are the IBNR and contingency reserves.
- $10.9 million decrease in funding on slide 11 is attributed to some sharing in savings back to the employee; the state could keep the premiums as they are though and build the reserve more quickly.
- Milliman expects that the state would need 1-2 years to implement self-funding. The state of Idaho would need legislative approval as well as establish governance and a trust, and implement a transition plan with stakeholders.

Discussion:

Senator Schmidt asked if Mr. Robert Schmidt had a sense of what the potential percentage increase in the health insurer fee might be under the ACA. Mr. Schmidt explained that the total amount that the federal government wishes to collect is supposed to increase with national health expenditures. If national health expenditures increase more quickly than the state of Idaho health expenditures, then that percentage could increase over time. The other factor to consider is the pool of people paying that premium could decrease. If it continues to decrease as it has, the fee could potentially increase to 4% over the next 3-5 years.

Representative Anderson asked what money would the state of Idaho earn interest on by going self-funded. Mr. Schmidt responded that it would be on the incurred but not reported claim reserve. Representative Anderson followed up by asking if BCI bills the state of Idaho before paying the claim. He responded in the affirmative, and explained that BCI bills for the claims they paid each month, but they also bill the state for the monthly estimated change in IBNR (incurred but not reported).

Co-chair Wood asked for clarification on the 'change' that would make self-funding easier. Mr. Schmidt responded that he's been told that if there was a change in the governance so that it would not necessarily be an independent board of trustees, but that somehow it could be governed much in the same way it is now and be self-funded. Co-chair Wood asked if Mr. Schmidt could comment on the issue of self-funding and the exemption counties enjoy in the state, and how much easier it would make it for the state of Idaho if it were to choose self-funding for itself. He responded that while he did not personally work for any of those entities, he believed that it would be possible to reduce the amount of reporting if the state had a similar exemption to what the counties have.

Co-chair Lakey asked if the claims paid in FY18, 19, and 20 were based on industry trends or are they state program specific. He responded that for that increase they had used an 8% increase trend which is 1-2% higher than the state has averaged in the last few years. They use a trend that is a little more conservative so that it reduces the chance that the state will have to increase its appropriation unexpectedly. Co-chair Lakey followed up referencing what goes into the determination of paid claims and asked if it was primarily a reflection in increased costs or an increase in the number of claims. He responded that it was a combination of projected increases of utilization and increases in price which varies for the type of service (e.g., pharmaceuticals).

Co-chair Lakey asked if there was a good way to control utilization. He responded that some ways employers and plan sponsors have tried to control utilization have been through: disease management programs, management of large claims, wellness programs, and high-deductible health plans. Co-chair Lakey proposed the same question in regard to controlling price. Mr. Schmidt responded that there are controls today, but those controls are administered and handled through the carrier (BCI) and through those negotiations they are in effect controlling price. There are ways to control it more by narrowing networks. This would increase the volume for the physicians in the network and in turn could potentially offer lower prices.

Senator Patrick asked how the DOI is going to be able to operate on less money with the self-insurance plan. He responded that this would be up to the Legislature on how they would fund the difference. Representative Kloc asked about a scenario where the state ends up in debt due to unexpected claims near the end of the year. Mr. Schmidt responded that if the state establishes appropriate reserves and carries appropriate stop-loss coverage, the state should not be in more risk than they are today. He clarified that a scenario where the state would potentially not have enough funds would be if it was to have a terrible year and it did not have enough funds to fund the next year.

Senator Nonini asked if it would be advantageous to consider adding a larger pool (all school districts) for self-funding. Mr. Schmidt stated that it would help in stabilizing costs, may provide the possibility to negotiate for better prices in concentrated areas, and typically lower unit operating costs. Senator Schmidt asked what the consequences would be if the state were to transition to self-funding and no longer pay the ACA fee. Mr. Schmidt responded that the federal government would have to make up for the loss in ACA payments somehow, but was not quite sure how they would do so.

Public entity experience with self-funding model - Bethany Calley

Co-chair Wood called upon Ms. Bethany Calley next to introduce herself and present regarding Ada County's experience with self-funding. Ms. Calley explained that in 1999, the Board of County Commissioners for Ada County made the decision to transition to a self-funding model and funding began to build the trust.

Highlights and additional facts for the presentation included:

- While Ada County is exempt from some reporting requirements, they do use the statute as a guiding principle and do mirror many of those exempted requirements in their structure and operational procedures.
- The trust is an autonomous entity - a board of trustees. The Board of Trustees ensures that controls are in place and audits are done. The trustees also are obligated to only pay legitimate charges.
- Plan design decisions and contracts with TPAs are decisions for the Board of County Commissioners.
- There are 4,500 lives covered in their plan and the county has 1,700 employees.
- There has been an increase in covered lives on their plan.
- There have been some nominal increases on their per member per month cost.
- In general, Ada County has remained fairly nominal compared to other entities. This can be attributed to plan design changes and increase in cost-sharing.
- Trustees exhibit a high level of engagement and knowledge of benefit design. This could be attributed to the fact that the trustees are employees.
- County assumes all the cost for the actual staff who are Ada County benefit employees. This has not been shifted to be covered by trust-funding.

Discussion:

Representative Kloc asked how many trustees are on the trust. Ms. Calley responded that there are 5 trustees. Co-chair Lakey inquired about who can be selected to sit on the trust and asked if the trustees are appointed by the Board of County Commissioners. She explained that employees of the county are appointed to the trust, and recommendations are made for employees they would like selected for the Board of Trustees. The Board of County Commissioners makes selections from the county's recommendation. The term for trustees is 3 years. Co-chair Lakey asked if they had multiple TPAs. She responded in the affirmative and clarified that it could be different for medical, dental, and vision. Co-chair Lakey asked Ms. Calley to describe their funding structure. She explained that is

an annual decision and the county uses consultants and advisors to project what their needs will be. The recommendation is made to the County Commissioners and they make decisions from there.

Co-chair Wood asked if they were still operating on a fee-for-service basis. She responded in the affirmative. Co-chair Lakey asked if Ada County was still grandfathered under ACA. She replied that Ada County is not grandfathered. Co-chair Wood asked what benefits the statutory exemptions provide to Ada County. She responded that a benefit is that the funding can be done with the rest of the county budget. Co-chair Lakey asked Ms. Calley to describe the role of the trustees as far as claims were concerned. She explained that a third-party is contracted to do the claims management, and Ada County ensures the fiduciary role is done by the trustees. Ada County receives billing information needed, updates in reporting in regards to cost - both monthly and quarterly reports, and they work with their consultants to examine trends. Co-chair Lakey followed up by inquiring about appeals since normally the TPAs handle this. She responded that the appeal process is done by the third-party administration appeal process and they have had good success at not having it appealed further in the process.

At the conclusion of her presentation, Ms. Calley offered to have Mr. Dave Larsen, a consultant for Ada County, answer any other more detailed questions the committee might have. Co-chair Lakey asked Mr. Dave Larsen to introduce himself and describe his role with Ada County. Mr. Larsen stated his employment with Gallagher Benefit Services and his role in helping Ada County with funding and plan design. He stated that it would be beneficial for the state of Idaho to be exempted from DOI. He explained that under the DOI, the Legislature would not be making plan decisions; a separate board of trustees would be making those decisions instead. Ada County's Board of County Commissioners are able to make plan decisions, not their trustees.

Senator Johnson asked if the benefits could be different for some represented individuals rather than non-represented individuals (i.e., union versus non-union employees). He opined that they could be for different groups in different areas. Senator Nonini asked what his opinion would be to add the school districts to a self-funded plan and if this would be hard to administer. Mr. Larsen responded that this issue usually comes down to money; the schools would have to come up with the reserves and another consideration would be that the state of Idaho would have to find more funding to try to equalize the plans in terms of benefits.

Committee Discussion:

- Representative Kloc requested the committee to analyze both comparable and different states to see if they can find any similarities or potential problems that could arise.
- Co-chair Lakey suggested the committee have someone present regarding a consumer-directed health plan approach.
- Senator Johnson asked if the state has discussed employees who have dual coverage and whether there are any rules for this. Ms. Jennifer Pike, Office of Group Insurace, explained that they do not currently ask if an employee has dual coverage or coverage offered through a spouse, but would be happy to look further into this if requested.
- Co-chair Lakey asked if BCI has made available any disease management programs for individuals with chronic health problems or large claims management for utilization. She answered that they do get large claims reports monthly and they are cumulative over the course of the year per each individual. Employees do have access to disease management programs.
- Co-chair Lakey requested information regarding what is involved with disease management and how it can be used. He asked what was being done in terms of managing large claims. Ms. Pike responded that BCI does work on negotiated discounts and they also make sure that every cost is warranted and part of the claim. She offered to look at this issue further to see if there is any additional administrative steps they are doing to track these further.

- Representative Anderson suggested that the committee might look into the following: medical-savings accounts, health-savings accounts, dual coverage, other health care models that should be made available to state employees, and third-party reviews on significant claims.
- Representative Monks requested information on what the cost would be for employees if a non-group option was chosen; e.g., using the state health insurance exchange.

Co-chair Wood stated that the co-chairs would discuss these requests before organizing the next agenda.

The committee adjourned at 3:01 p.m.