

## **Meeting Agenda | Health Care Policy Committee**

Thursday, January 21, 2016 | 10 a.m.

200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

- I. Call to Order
- II. Adoption of Proposed Agenda
- III. Approval of Meeting Minutes- December 16, 2015
- IV. Benchmarking for the State Health Plan
- V. Budget Impact of Adding Adult Well Examinations
- VI. Open Enrollment Recap
- VII. Old Business/Director's Report
- VIII. Adjournment

### **Notice of Public Meeting**

This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM**  
**Health Care Policy Committee**

**Meeting Date: January 21, 2016**

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**1. Subject:** Benchmarking for the State Health Plan

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**2. Summary:** Updating a presentation from a year ago, we are presenting key State Health Plan measures compared with peer and national benchmarks.

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**3. What is Committee asked to do?** Receive as information

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**4. Supporting Documents:**

- (a) Attached:
  - 1. SHP Benchmarks



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# State Health Plan update and benchmarking

Health Care Policy Committee

January 21, 2016

# State Health Plan enrollment as of January 2016



Subscribers		
Subscribers		270,047
Actives	186,374	
Retirees	80,352	
Others	3,321	
Spouses		77,952
Children		126,164
<b>Total Covered Lives</b>		<b>474,163</b>

Active subscribers	
State agencies	35,224
Higher education	25,411
School districts	85,237
Local subdivisions	32,214
Other	8,288
<b>Total employees</b>	<b>186,374</b>

Retirees	
Medicare	59,335
Non-Medicare	21,017
<b>Total Retirees</b>	<b>80,352</b>

**Total Employer Groups: 682**

# State Health Plan vs. national trends



	Public and Private Sector Insurance Plans <sup>1</sup>	State Health Plan <sup>2</sup>
2011	6.7%	2.3%
2012	6.7%	6.4%
2013	5.6%	4.0%
2014	7.9%	-1.4%
2015	8.1%	8.8% (12/12) <sup>3</sup>

<sup>1</sup>Includes active participants and retirees under the age of 65 in private and public sector insurance plans.

<sup>2</sup>Trend is defined as claims paid per member (includes employee and dependents).

<sup>3</sup>"12/12" means incurred in 12 months; paid in 12 months

# 2014 average annual gross plan cost per active employee<sup>1</sup>



	Amount <sup>2</sup>
State Health Plan	\$9,129
Public Employers	\$11,796
Private – Mfg.	\$11,043
Private – Financial Srvs.	\$11,525
All Employers	\$10,664
Employers – 500+	\$11,121
Employers – 20k+	\$11,697
South <sup>3</sup>	\$10,239

<sup>1</sup>Average cost in PPO (Preferred Provider Organization) and POS (Point of Service) plans

<sup>2</sup>**Average Annual Gross Plan Cost per Employee (Medical and Pharmacy Only for Active Employees and Their Dependents) =** (Claims cost for employee and dependents + administrative costs + employee contributions)/number of active employees

<sup>3</sup>**South:** Includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2015 average monthly total premiums



**Totals include employee and employer contributions**

	Single	Family
State Health Plan	\$442	\$1,161
Lg. Public & Private Sector Employers <sup>1</sup>	\$549	\$1,554
Public & Private Sector Employers in South <sup>2</sup>	\$521	\$1,453
Public Employers	\$582	\$1,455
Private – Manufacturing	\$516	\$1,474
Private – Financial Services	\$582	\$1,664

<sup>1</sup>Lg. Public and Private Sector Employers: ≥ 200 employees in public and private sectors

<sup>2</sup>Public & Private Sector Employers in South: Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2015 average annual deductible



	Amount
State Health Plan	\$445
Lg. Public & Private Sector Employers <sup>1</sup>	\$775
Public & Private Sector Employers in South <sup>2</sup>	\$1,026

<sup>1</sup>**Lg. Public and Private Sector Employers:** ≥ 200 employees in public and private sectors

<sup>2</sup>**Public & Private Sector Employers in South:** Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2016 composite monthly premiums<sup>1</sup>



## Compared to other state employee health plans

	Employer	Employee	Total
State Health Plan	\$510.60	\$159.51	\$670.11
South <sup>2</sup>	\$661.21	\$174.80	\$836.00
United States	\$821.46	\$171.31	\$992.76

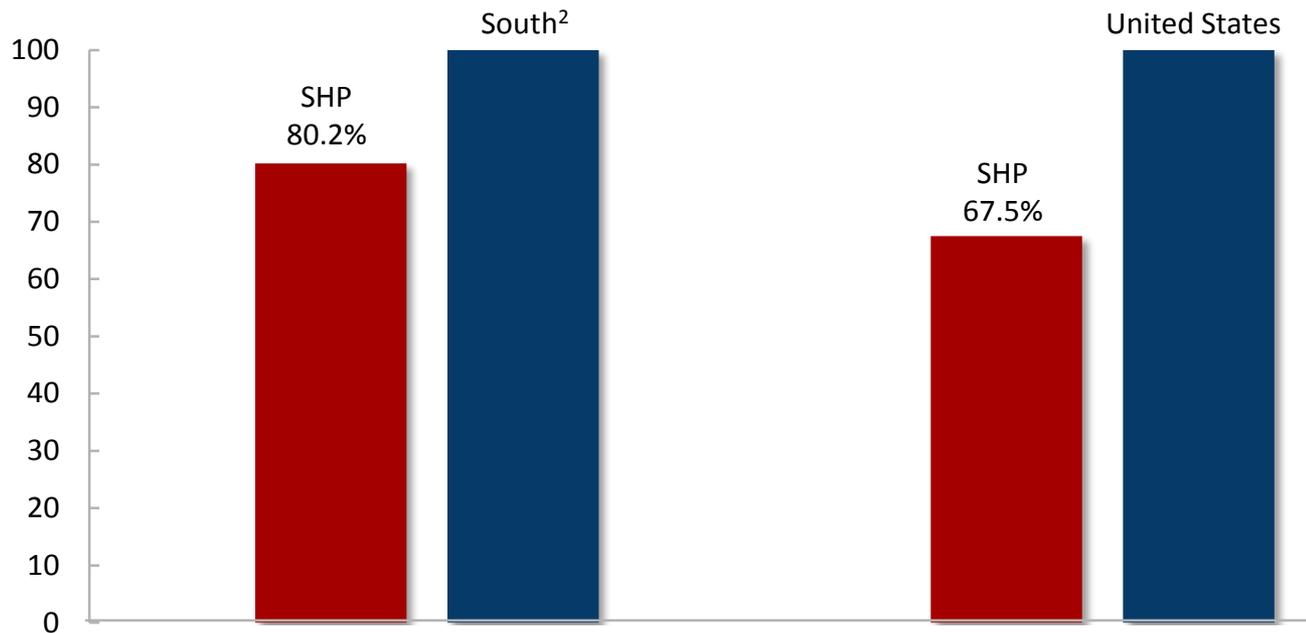
<sup>1</sup>**Composite Monthly Premiums:** Weighted average of all PEBA health subscribers enrolled in each coverage level

<sup>2</sup>**South:** Includes Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2016 SHP composite monthly premiums<sup>1</sup> as a percentage of regional and national averages



## Compared to other state employee health plans



<sup>1</sup>**Composite Monthly Premiums:** Weighted average of all PEBA health subscribers enrolled in each coverage level

<sup>2</sup>**South:** Includes Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia



# Disclaimer

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This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.



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# Appendix: State Health Plan update and benchmarking

Health Care Policy Committee

January 21, 2016

# 2015 average monthly contribution by employees



	Single	Family
State Health Plan	\$98	\$307
Lg. Public & Private Sector Employers <sup>1</sup>	\$101	\$411
Public & Private Sector Employers in South <sup>2</sup>	\$89	\$482

<sup>1</sup>**Lg. Public and Private Sector Employers:** ≥ 200 employees in public and private sectors

<sup>2</sup>**Public & Private Sector Employers in South:** Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2015 average percentage of contribution by employer



	EE contribution	Total premium	ER contribution
State Health Plan			
Single	\$98	\$429	77.9%
Family	\$307	\$1,129	73.6%
Lg. Public & Private Sector Employers <sup>1</sup>			
Single	\$101	\$549	81.6%
Family	\$411	\$1,554	73.5%
Public & Private Sector Employers in South <sup>2</sup>			
Single	\$89	\$521	82.9%
Family	\$482	\$1,453	66.8%

<sup>1</sup>Lg. Public and Private Sector Employers: ≥ 200 employees in public and private sectors

<sup>2</sup>Public & Private Sector Employers in South: Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2015 average Rx copayment



	Amount
State Health Plan	\$9/\$38/\$63
Public and Private Sectors <sup>1</sup>	\$11/\$31/\$54

<sup>1</sup>**Public and Private Sectors:** Includes small and large firms with Health Maintenance Organizations, Preferred Provider Organizations, Point of Service and High Deductible Health Plans with Health Savings Options

# 2014 median individual in-network deductible amount<sup>1</sup>



	Amount
State Health Plan	\$420
Public Employers	\$500
Private – Mfg.	\$500
Private – Financial Srvs.	\$500
All Employers <sup>2</sup>	\$1,500
Employers – 500+	\$500
Employers – 20k+	\$500
Public & Private Sector Employers in South <sup>3</sup>	\$500

<sup>1</sup>Median deductible amount in PPO (Preferred Provider Organization) and POS (Point of Service) plans

<sup>2</sup>All Employers deductible is higher because it includes deductibles for employers with less than 500 employees

<sup>3</sup>**Public and Private Employers in South:** Includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2014 median individual in-network coinsurance maximum amount<sup>1</sup>



	Amount
State Health Plan	\$2,400
Public Employers	\$2,500
Private – Mfg.	\$2,500
Private – Financial Svcs.	\$2,500
All Employers <sup>2</sup>	\$3,500
Employers – 500+	\$2,600
Employers – 20k+	\$3,000
Public & Private Sector Employers in South <sup>2</sup>	\$3,000

<sup>1</sup>Median coinsurance maximum amount in PPO (Preferred Provider Organization) and POS (Point of Service) plans

<sup>2</sup>**Public and Private Employers in South:** Includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2014 median prescription drug retail 3-tier copayment amounts



	Amount
State Health Plan	\$9/\$36/\$60
Public	\$10/\$25/\$45
Private – Mfg.	\$10/\$30/\$50
Private – Fin. Srvs.	\$10/\$30/\$50
All Employers	\$10/\$30/\$50
Employers – 500+	\$10/\$30/\$50
Employers – 20k+	\$10/\$30/\$55
Public and Private Sectors <sup>1</sup>	\$10/\$30/\$50

<sup>1</sup>Public and Private Employers in South: Includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

# 2016 SHP member benefits and contributions compared to other SHPs in the Southeast



	Lower	Higher
Deductible	8	5
Coinsurance max	5	8
Generic copay	11	2
Brand copay	8	5
Employer contribution	10	3
Employee contribution	8	5
Total contributions	11	2



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**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM**  
**Health Care Policy Committee**

**Meeting Date: January 21, 2016**

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**1. Subject:** Budget Impact of Adding Adult Well Examinations

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**2. Summary:** Following discussion at the December meeting, the posted slide illustrates the incremental cost to the Plan for coverage of adult well exams.

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**3. What is Committee asked to do?** Receive as information

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**4. Supporting Documents:**

- (a) Attached:  
FY 2017 SHP Budget Request

## State Health Plan options for Fiscal Year 2017

### Option 1:

#### Grandfathered Plan

- Current plan

### Option 2:

#### Grandfathered Plan

- Current plan
- Includes ACA adult well exams

### Option 3:

#### Non-grandfathered Plan

- Current plan
- Includes all ACA benefits

## Annual incremental cost for SHP alternatives for 2017

	% increase on total contributions	Employee only	Employee and employer share proportionally			Employer only	
		Employee increase per month <sup>1</sup>	State \$ <sup>2</sup>	Total \$ <sup>2</sup>	Employee increase per month <sup>1</sup>	State \$ <sup>2</sup>	Total \$ <sup>2</sup>
<b>Grandfathered</b> Current plan	0.6%	\$3.98	\$5.0 M	\$9.8 M	\$0.92	\$6.5 M	\$12.8 M
<b>Grandfathered</b> Current plan plus ACA adult well exams	2.8%	\$18.54	\$23.3 M	\$45.7 M	\$4.32	\$30.3 M	\$59.6 M
<b>Non-grandfathered</b> Current plan plus ACA benefits	3.2%	\$21.20	\$26.6 M	\$52.3 M	\$4.94	\$34.6 M	\$68.1 M

<sup>1</sup>Employee increase per month represents the amount the Plan would receive per subscriber. The increase could be a flat increase for all employers, or distributed proportionally by coverage level.

<sup>2</sup>State \$ and Total \$ includes amounts for 2017 rate increase for the entire year. Total \$ is the total annual employer cost including both state-appropriated funds and non-state funds. State \$ and Total \$ does not include annualization of 2016 rate increase for Jul-Dec 2016 (\$17.7 M) and estimated retiree enrollment growth (\$4.4 M). Note: This estimate is subject to revision during 2016 with analysis of additional claims experience.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM**  
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**1. Subject:** Open Enrollment Recap

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**2. Summary:** Senior PEBA staff Phyllis Buie and Sharon Graham will recap the operational efforts and outcomes of the recently-completed 2015 open enrollment period.

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**3. What is Committee asked to do?** Receive as information

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**4. Supporting Documents:**

(a) Attached:

1. Open Enrollment Summary

## 2015 open enrollment summary

- Open enrollment opened September 15, 2015, for benefits administrators and October 1, 2015, for members.
- Opens enrollment typically ends October 31; however, the deadline was extended to November 6, 2015 due to the flood. Benefits administrators' approval deadline for changes was extended to November 20, 2015.

### Enrollment

#### Preparation begins first of the year

- Identify process improvements from the prior open enrollment period
- Define changes outside of normal annual open enrollment process that includes changing health plans, and adding/dropping coverage for members/dependents

In 2015, members had the ability to:

- add/drop dental coverage
- enroll in supplemental long term disability insurance without providing evidence of insurability
- change the benefit waiting period for supplemental long term disability if already enrolled
- enroll in or increase coverage under guaranteed issue for optional life insurance
- add spousal/dependent coverage for dependent life insurance
- Continue performing normal daily business activity (new hires, terminations, special eligibility changes)
- Collaborate with IT staff on system changes, including employee and employer premium updates
- Test changes made to the system
- Communicate with approximately 700 employers about open enrollment via the weekly *PEBA Update* e-newsletter, the *Benefits Advantage* annual newsletter and annual Benefits at Work conference

#### 2015 open enrollment numbers

- Processed approximately 67,000 open enrollment transactions, 74 percent of which were electronically submitted via MyBenefits or Employee Benefits Services (EBS)
- Open enrollment highlights
  - State Health Plan enrollment remained even—7,090 added and 7,084 dropped
  - State Dental Plan enrollment increased by 4,924 members—11,476 added and 6,552 dropped

- Dental Plus enrollment increased by 28,812 members—33,064 added and 4,252 dropped
- Vision enrollment increased by 12,278 members—17,320 added and 5,042 dropped
- Supplemental long term disability enrollment increased by 5,675 members—6,069 added and 394 dropped
- Optional life insurance enrollment increased by 2,081 members—2,597 added and 526 dropped
- Follow-up continues beyond October (i.e., rejections and coverage reviews)

### Third-party vendor update

- All open enrollment changes must be communicated with the appropriate claims processor
- Express Scripts is the new pharmacy benefits manager effective January 1, 2016
  - Transferred all existing enrollment data (after open enrollment changes) to Express Scripts, including the Medicare Prescription Drug Program

### ACA reporting

2015 was the first year of providing members (and IRS) with coverage information for themselves and their dependents:

- Collaborated with SCEIS and other government agencies for state agency employee reporting requirements
- PEBA is providing forms (and reporting to the IRS) for non-Medicare retirees of former state agencies, higher education and public school districts
- Provided active employee/dependent-specific coverage information to SCEIS, higher education, public school districts and other local participating employers for their reporting

## Customer Service – Customer Contact Center

### Preparation for open enrollment

- Customer Contact Center staff attend the Benefits at Work conference
  - Get vendor handouts and other helpful tools for staff to assist with calls
- Create an open enrollment guide
  - Procedures for handling calls
  - Important dates for open enrollment
  - BA quick reference
  - Changes that can be made throughout the year
  - Phone enrollment process
  - Enrollment documentation worksheet
  - EBS and MyBenefits troubleshooting guide
  - Plan information comparison chart
  - ACA reporting guidelines

### Open enrollment duties

- Process phone enrollments

- Traditional enrollment – mail forms to subscribers
- Online enrollments – MyBenefits
  - Assist subscribers with issues related to logging into MyBenefits
- Answer telephone inquiries about insurance benefits offered by PEBA
- Mail publications and forms upon requests
  - *Benefits Advantage* newsletter
  - *Insurance Benefits Guide*
  - Comparison chart of the health plans
- Assist benefits administrators
  - Answer enrollment questions
  - EBS troubleshooter
    - Delete transactions upon BAs' request
- Assist Insurance Operations with the processing and updating of open enrollment changes

## Customer Service – Intake

### Open enrollment duties

- Review enrollment guides
- Assist visitors with enrollment changes
- Provide information on new pharmacy benefits manager and changes to the prescription drug program
- Respond to emails from subscribers requiring assistance with MyBenefits
- Assist benefits administrators with email inquiries concerning online enrollment changes
- Provide assistance on enrollment issues on requests from legislators, judges and the Governor's office
- Work directly with Insurance Operations manager to resolve escalated or high profile issues

### Customer Service open enrollment statistics

- 25,390 insurance calls answered
- 2,500 phone enrollments
- 1,728 MyBenefits emails received and responses provided
- 493 insurance emails received and responses provided
- 521 insurance visitors counseled by the PEBA Intake unit

# State Health Plan ACA Requirements Migration

