

SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

Health Care Policy Committee- MINUTES Adopted 11-20-13

202 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Wednesday, October 16, 2013 – 10:00 a.m.

Health Care Committee Members Present:

Mr. Joe "Rocky" Pearce, Chairman (in person)
Mr. Audie Penn (in person)
Mr. Steve Heisler (in person)
Mr. Art Bjontegard (in person)

Additional Board Members Present:

Mr. Frank Fusco (in person)

Others present for all or a portion of the meeting:

David Avant, Lil Hayes, Stephen Van Camp, Laura Smoak, Justin Werner & Virginia Wetzel from the South Carolina Public Employee Benefit Authority (PEBA); Rob Tester, Wayne Pruitt, & Donald Tudor with the State Retirees Association of SC; Mike Madalena with Gabriel, Roeder, Smith & Company (GRS) (by phone); Brooks Goodman with Blue Cross Blue Shield of South Carolina; William Kinney with Mullikin Law Firm; and Carlton Washington with the SC State Employees Association.

AGENDA

1. CALL TO ORDER; ADOPTION OF PROPOSED AGENDA

Chairman Pearce called the meeting to order at 10:00 a.m. Ms. Hayes confirmed meeting notice compliance with the Freedom of Information Act. Mr. Penn moved to adopt the proposed agenda. Ms. Kubu seconded, with the unanimous vote to approve.

2. Approval of Meeting Minutes- September 18, 2013

Chairman Pearce asked for amendments to the September 18, 2013, Health Care Policy Committee meeting minutes. There being none, Chairman Pearce asked for a motion to approve the minutes. Mr. Penn moved to approve the minutes. Mr. Heisler seconded. The meeting minutes were unanimously approved.

3. 2015 State Health Plan Budget Recommendation (In notebook materials)

PEBA Interim Director, David Avant explained that the Agency will be submitting the State Health Plan Budget recommendation for Plan Year 2015 to the Governor and General Assembly by November 15, 2013. Mr. Avant presented five 2015 State Health Plan design options based on preliminary trend projections. Two options were grandfathered/ non-ACA compliant plans and the remaining three options were ACA compliant plans. Each option included projected budget impacts based upon shared increases or savings by the employer and enrollee, employer only increase or savings, or enrollee only increase or savings. Each option also included premium increases and plan design features. Mr. Avant introduced Mike Madalena with Gabriel, Roeder, Smith & Company (GRS) to answer any questions regarding the proposed plan options and projected trends. There was discussion regarding the formulation of trends.

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Mr. Fusco suggested that the budget recommendation include budget impacts only and not specific plan design in order to allow the PEBA Board to design a consumer base, incentive driven plan with the goal of better health outcomes. There was discussion regarding the state budget cycle.

Mr. Heisler requested a diagram summarizing the 2013, 2014, and potential 2015 State Health Plan to include budget impacts and plan design changes.

There was discussion regarding how to present the 2015 State Health Plan budget to the Governor and General Assembly.

Mr. Fusco requested Mr. Madalena to provide the benefit to the State Health Plan as a result of Medicare enrolled participants and provide to the Committee Members at a later date.

Mr. Fusco and Mr. Bjontegard asked Mr. Avant how much of the built in reimbursement funds to providers within the 2014 State Health Plan have been set aside for incentives. Mr. Avant advised that of the 3% inflationary reimbursement to providers, 1% was standard to all providers and the remaining 2% will be reimbursed if providers meet specific quality standards. Mr. Pearce asked Mr. Avant to report back to the Committee on exactly how the 2% is being used for health care incentives.

Action:

Mr. Pearce asked for a motion to approve the actuarial trends and the 2015 State Health Plan versions to be offered to the Governor and General Assembly for budget development, including an ACA compliant plan necessitating \$60.6 million with \$7 million set aside for incentives (new option four, column IV); including a request that the Governor and General Assembly not include any Budget Provisos that restrict PEBA from developing Plan design; and to insure compliance with Federal Law to allow only non-Medicare enrollees into any proposed savings plans. Mr. Heisler moved to approve and Mr. Penn seconded. Unanimously approved.

4. Three Year General Fund Outlook for the State Health Plan (In notebook materials)

Pursuant to Code of Laws 11-11-350, each state agency receiving in the aggregate one percent or more of the state's general fund appropriation for any fiscal year, shall provide to the Office of State Budget an estimate of its planned general fund expenditures for the next three years. This report is due to the Office of State Budget during the second quarter of each fiscal year.

Mr. Avant summarized the three-year general fund projections of the state health plan. It was noted that this projection is not binding. There was discussion regarding the large increase in expected spend during FY 2016-2017. The Committee received this as information.

5. Catamaran Transition Communications (In notebook materials)

Mr. Avant advised that the transition to the new Pharmacy Benefits Manager, Catamaran is progressing accordingly. He summarized a timeline of the communications from Catamaran to subscribers thus far, and noted a packet of communication materials for the Committee to review.

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There was discussion regarding participant feedback, Catamaran's initial presentation to the Board, Catamaran's innovated training center, Committee's approval of new pharmacy cards, and the importance of PEBA branding on all Catamaran communications to subscribers.

6. Old Business

Medicare Advantage Public Information Session

Mr. Pearce announced that Mr. Fusco attended the Public Information Session held on October 2, 2013, to discuss Medicare Advantage. Mr. Fusco suggested staff contact other states, specifically Kentucky and West Virginia to see how they are implementing their Medicare Advantage programs.

Network Expansion Public Information Session

Mr. Pearce announced that the Public Information Session scheduled for October 9, 2013, was cancelled and will be rescheduled at a later date. There was discussion regarding the components and fiscal impact of expanding the State Health Plan Provider Network and potential legislation needed to create an associated pilot program.

MUSC Pilot Program Update

Mr. Avant reported that the plan details are still a work in progress.

7. New Business

There was no new business.

8. Adjournment

There being nothing further to discuss, Chairman Pearce requested a motion to adjourn. Mr. Heisler moved to adjourn and Mr. Penn seconded. The committee unanimously voted to adjourn at 12:40 p.m.