
**EMPLOYEE BENEFIT PLAN COUNCIL MEETING
MINUTES
MAY 13, 2014 / 10:00 A.M.
JAMES FLOYD VETERANS MEMORIAL BUILDING – ROOM 512-BOARDROOM (WEST)**

The following Council members were in attendance: Monirah Womack, Vice-Chair; Robert R. Joseph, Member; Jewelle Johnson, Member; Jim Rogers, Member; Taylor Hanson Haley, Member; Teresa MacCartney, Member; Carlton Lenoir, Member; Jim Laine, Member; and Robert Mikell, Member; Not present at the meeting was Paul Babaz, Member.

Also present were Commissioner Sid Johnson, Council Executive Secretary; Candy Sarvis, Deputy Commissioner, DOAS-HRA; Rebecca Sullivan, General Counsel, DOAS; Laura McDonald, Georgia Law Department; Kara Berlin, DOAS Legal Officer; Jennifer Kennington, DOAS-HRA Director of Compensation and Benefits Administration; and Barbara Heard, HRA Benefits Education/Marketing Manager.

The meeting of the Employee Benefits Plan Council was called to order by Vice Chair Monirah Womack.

Approval of Minutes: Commissioner Johnson announced that the Minutes of the March 11, 2014 Employee Benefits Plan Council meeting was circulated to the Council and no corrections or changes were requested. A Motion was made by Ms. Womack to approve the Minutes as presented. It was Moved by Mr. Rogers, seconded by Ms. Johnson and unanimously approved.

Flexible Benefits Operational Update:

Ms. Womack introduced Ms. Candy Sarvis, Deputy Commissioner, DOAS-HRA, who presented the Flexible Benefits Operational Update as follows:

1. We have a four-phased approach to rebidding all of the contracts to ensure that we are in a competitive position. Many of the contracts were several years old. Phase 1 was the dental implementation that was rebid in 2012; Vision, Disability and Life were implemented in 2013; and currently, we are in Phase 3.
2. During the last meeting in February, we recommended to the Council that we rebid the Specified Illness contract.
3. The flexible benefits team determined that we would not rebid Legal and Flexible Spending Account since we are not gaining any ground in the services and premium scope of network.
4. **Specified Illness** Component:
 - a) The goals of the rebid are to get a better premium and plan enhancements. Specifically, the flexible benefits team asked the vendors to bid on some new diseases; i.e. Parkinson, 100% coverage for Alzheimer, waiver for individuals with no income due to illness, and Concierge services which is reimbursement to employee and companion for travel and lodging.
 - b) The bid was posted and eight (8) vendors have responded solid in terms of the components of their bid.
 - c) Scoring/Evaluation process should be completed at the end of May 2014.
 - d) In June 2014, the flexible benefits team will report to the Council in Executive Session, should the Council invoke that rule, review the summary and make recommendations.
5. **AON Hewitt Contract:**
 - a) AON is our third-party administrator.
 - b) The state outsourced the administration of that program in 2010 which is scheduled to expire in December 2014.

- c) This plan is one hundred (100%) percent employee paid. On a monthly basis, we pay the equivalent of \$21.00 per participant annually. The employees pay an administrative fee of seventy (.70) cents per plan component; which is how that administration is funded.
- d) Participants include employees, retirees (including survivors), and COBRA; all inclusive, both state and local participants.
- e) Hewitt's initial proposal was to raise the price by \$10.00 per participant; thirty (30%) percent over what we are currently paying. This represents a 1.3 million dollar increase which does not signal a good starting point.
- f) In mid-April, the flexible benefits team came forward with a new proposal.
- g) The pricing is based on tier-level participation. There is a minimum participation level which in the last five years, the state has never fallen below that threshold. We've never been able to attain a high participation threshold.
- h) Our participation levels have fluctuated at the mid threshold of approximately 126,000–133,000. Today, our participation is 130,000.
- i) The current proposal at the table reflects no increase to the equivalent cost to employees; if, we can bring another agency to the table and encourage them to renew their contract with AON Hewitt.
- j) They want to increase the minimum tier by approximately 6,000 participants. Today, we are considerably above that threshold. There would be no impact (based historically on our participation rates) within a three-year period in terms of reaching that threshold; unless we have a reduction of the total population by approximately 7,000.
- k) The bar for the high tier threshold is raised by 13,000.
- l) There would be no immediate or foreseeable impact to the state employees' out of pocket cost.
- m) We are in negotiations with a separate agency and it looks optimal for both parties to go forward.
- n) The staff recommends to Council that we move forward and extend the contract for a 3-year period; namely 2015-through 2017; with no increase in equivalent fees to employees. Two years prior to the December 2017 expiration date, discussions will begin on how to move forward.
- o) The new agency's contract is totally separate. As a reward, if we can get the other agency to renew for two (2) years, there will be no price increase.
- p) It is normal practice for the Council to vote when all pricing and tier levels are solid. Accordingly, we are ready to sign the contract while continuing our negotiations about additional specific services.
- q) Generally, involving a separate agency to help in a negotiation process is unprecedented.
- r) Being mindful this is a public meeting, no specific information should be aired in the event anything goes wrong. Consequently, the leverage could be impacted.
- s) DOAS request authorization from Council to move forward with what is presented on today relative to the contract.
- t) The disadvantage of waiting is the implementation timeframe. Typically, administrations of these types of contracts require heavy technical reliance, i.e., 1) call center support to employee base; 2) technical portion of payroll; and 3) financial reporting statements.
- u) If Council is not comfortable with rendering a solid vote on today, during the public meeting in June 2014, the flexible benefits staff will expand their report to include what was agreed by the other agency.
- v) Since our authority is based on the Council's final determination, an agreement will not be signed if negotiations change.
- w) Some members of the Council publicly expressed their appreciation in bringing this discussion to the table in a timely manner while considering the Open Enrollment period.
- x) There is no current plan benchmark to bring before the Council.

- y) The current vendor's quality of service delivery is consistently meeting the standards while maintaining an employee satisfaction rate of is 80% or better. Reportedly, there are few isolated occurrences of the vendor not returning phone calls to employees.
- z) We've established a "meeting of the minds" in terms of services and pricing which is presently being honored by the vendor.

Ms. Womack called for a Motion. Mr. Joseph made a Motion authorizing the DOAS staff to enter into a 3-year extension of the contract with AON Hewitt; subject to review by this Council should there be any material adverse changes to the contract as it currently stands. The Motion was seconded by Mr. Laine. Eight (8) votes were in "favor" and one (1) vote opposed; thereby receiving a majority Council vote. Given that a quorum was present and no one abstained, the Motion carried.

6. CIGNA Dental Contract:

- a) CIGNA is the Dental HMO provider.
- b) The staff rebid Dental in 2012 and was implemented in 2013.
- c) Both HMO and PPO providers recently came forward and stated they were raising their rates.
- d) After presenting the proposed rate increase to the Council, we were directed to return to the vendor for further negotiations. Subsequently, both vendors agreed to absorb the fee for the next year.
- e) CIGNA has returned and stated their intention to raise the rates.
- f) In 2012, we signed a contract with a rate guarantee for 2013-2014. CIGNA's reason for the fee increase is due to Obama Care.
- g) In 2014, there was a rate cap increase of 4.75 percent that the vendor attempted to implement earlier. Currently, the vendors have returned saying they now want to take that increase based on 1-year renewals; 2016-2017 rates are negotiable.
- h) Two options presented to the Council are:
 - 1. Opt to do nothing and accept additional rate increases to the premiums of 4.75% to 5.5% to 6.0% (over 3 year period); with no out of pocket cost increase. Obviously, the staff did not accept this option. These increases are above the benchmark;
or...
 - 2. The premium will stay the same for this year with an increase in co-pay only for specific services which goes from \$4.00-\$10.00. For example, a comprehensive orthodontic will increase from \$480-\$530 (one-time \$50.00 increase). The increase will not involve all services. These services make up about 6.4 percent of the total utilization services for participants on the HMO plan (strictly for employees who reside and work in the metro Atlanta area). In 2016, the rate increase would be reduced from the contract rate of 5.5 percent to 4.75 percent; the 2017 contract rate increase of six (6%) percent would be reduced to four (4%) percent.
- i) The flexible benefits staff spoke with some vendors to compare where we are market-wise. There was no indication that we would realize a better price. The state of Georgia running above the benchmark among other states relative to services utilized (between 4 to 4.7%). Hence, the increases reflect the utilization rate.
- j) We are recommending the Council's approval to go with **option #2** to renew the contract at the newly negotiated rate with no increase in out of pocket cost. An informal survey of employees indicates they do not want to their take-home pay affected.
- k) PPOs have not come forward due to the rates being locked during last negotiations. An advantage of this plan is the enhanced network. The HMO is strictly in local areas. Participants, who remain in the HMO, have the option to self-fund through flexible spending with a tax break on the dollars.

- 1) CIGNA is seeing high utilization rates and does contemplate the industry's increase in rate standards approximately 4% to 5%.

If the contract with the vendor is renewed, the Motion would request the Council to consider choosing one of the following 2 options:

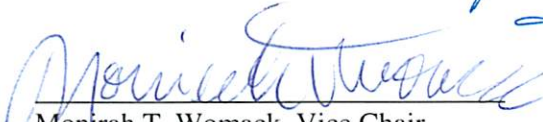
- 1) The option that increases the premium 16.5% over 3 years;
or...
- 2) The option that keeps it the same for one year. There would be a reduction from 16.5% to 8.75%.

Mr. Laine made a Motion to extend the contract with the current vendor by using the pricing structure referred to in **Option #2**. It was seconded by Ms. Haley and the Motion carried unanimously.

Commissioner's Report: No current update.


There being no further business, Ms. Womack made a Motion to officially adjourn the EBPC meeting. The Motion was moved by Mr. Rogers, seconded by Ms. Haley and carried unanimously.


READ AND APPROVED ON 8th of July, 2014 by:



Monirah T. Womack, Vice Chair


Jewelle Johnson, Member

(absent)
Taylor Haley Hanson, Member

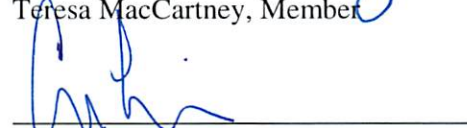

Jim Laine, Member



Robert Mikell, Member


Robert R. Joseph, Member


Jim Rogers, Member


Teresa MacCartney, Member


Carlton Lenoir, Member

ATTEST.

Sid Johnson
Executive Secretary
Employee Benefits Plan Council