

# State Employee Advisory Commission and Public-School Advisory Commission Minutes

March 21<sup>st</sup>, 2023

The Arkansas State Employee Advisory Commission and Public-School Employee Advisory Commissions met on Tuesday, March 21<sup>st</sup>, at 10:00 a.m.

## ASE Commission Members Present

Marty Casteel  
Ronda Walthall  
Jerry Jones

## PSE Commission Members Present

Greg Rogers  
Billy Jackson  
Julie Bates  
Kurt Knickrahm

**ASE Members Absent:** Bruce Maloch,  
Cynthia Dunlap

**PSE Members Absent:** Jim Tucker

**Others Present:** Grant Wallace, Director of EBD; Jay Bir, EBD; Rhoda Classen, TSS; Sylvia Landers, Colonial Life; Oktawia DeYoung, EBD; Lauren Thompson, EBD; Dakini Fields, EBD; Paul Sahkrani, Milliman; Sidney Keiser, PharmD; Skochu Fields, EBD; John Bridges; Lori Bowen; Takisha Sanders; LeAnn Perkins; Phil Cummings; Larry Walther, Secretary of DFA; Suzanne Woodall; Denise Flake, EBD; Nima Nabavi; Brent Parker; Jessica Akins; Wil Cheatham; Eric Munson; Cassandra Mendenhall; Shannon Halijan, TSS; Roberto Pedraza; China Daulton, TSS; Amanda Story; Julia Weber; Nicholas Poole; Frances Bauman; Courtney White

## Call to Order

Meeting was called to order by Grant Wallace and announced there was a quorum for the PSE and ASE Commissions.

### 1. Director Wallace Introduction

Director Wallace introduced himself to the Commission.

### 2. Approval of January 3<sup>rd</sup>, 2023 ASE Minutes and Minutes from February 14<sup>th</sup>, 2023 Minutes: Grant Wallace

Julie Bates mentioned she was present for February 14<sup>th</sup> Meeting. Jerry Jones moved with Marty Casteel seconding February 14<sup>th</sup> minutes. **Motion Approved**

Jerry Jones moved and Marty Casteel seconded ASE January 3<sup>rd</sup> minutes. **Motion Approved**

### 3. Regular Session Discussion/Status of Bills on EBD: Grant Wallace

Grant Wallace mentioned the deadline for EBD-related bills has passed and most of them do have the fiscal impact statement. He said there still may be a couple pending. Wallace

provided a list of bills to the Commission and explained what the color coding means. He said the Commissions can reach out with any questions.

#### **4. Monthly Actuary, December 2022: Paul Sakhrani**

Paul Sakhrani presented the financial projections Milliman has for the plans. Sakhrani emphasized these are just projections with certain things accounted for. Sakhrani said the 2023 projections incorporated a 25/75 blend of medical and pharmacy claims data from Dec 2020 – No 2021 and paid through Jan 2023 and Dec 2021 to Nov 2022 and paid through Jan 2023.

The 2022 Plan saw a \$25.1 million surplus and received \$21 million in ARPA funding. The 2023 projections show a \$23.8 million surplus with baseline trend of medical expenses climbing 5% and pharmacy expenses 8%.

The 2023 approved initiatives included: \$550 per month in State Funding starting January 2023, the non-wellness rate has been removed, the beginning of a 5-year transition of employee contributions to be competitive (these are not reflected in 2024 and beyond), plan design changes to Classic plan to remain a qualified high-deductible plan, and the MAPD offering for 65+ retirees.

Milliman is estimating approximately \$217 million in state funding, \$92.5 million in employee contributions, and other revenues at over \$26.5 million for a total of \$326 million for the ASE plan in 2023. Expenses are estimated at just over \$312 million and projecting an approximate \$24 million surplus. For 2024, Milliman is estimating a \$4 million surplus.

Greg Rogers asked if the estimates were accounting for no increase in state contributions. Sakhrani answered yes because any future approvals are still pending and these are assumed figures for budgeting purposes.

Rogers asked if the plan was going to be upside down by 2025 if these projections hold true. Sakhrani said this is true but if state funding went up then it would change things.

Rogers asked who has those discussions, Director Wallace said he has begun to have those conversations and Sakhrani also mentioned they are working with EBD to put in the funding requests for 2025 and beyond.

Sakhrani presented the same data and mentioned the reserves for the ASE are in good position. Director Wallace pointed out the ASE reserve goal is 14% and the PSC is 16%. Sakhrani pointed out how quickly the reserves drop in 2027 if changes are not made.

The PSE Summary is similar to what was presented on ASE. In 2022, the plan had an \$85.6 million surplus and received \$31.7 in ARPA funding. It is projecting a \$62.3 million surplus this

year with baseline trends of 6% in medical expenses and 8% for pharmacy, which Sakhrani said is a much better trend than years past.

The 2023 approved initiatives included: an increase to \$300 per active employee per month in District Funding starting January 2023 with an increase in medical CPI for 2024 and beyond, the wellness rate removed, the beginning of a 5-year transition of employee contributions to be competitive (these are not reflected in 2024 and beyond), plan design changes to Classic plan to remain a qualified high-deductible plan, and the MAPD offering for 65+ retirees.

Sakhrani pointed out the revenues for the PSE plan is projecting nearly \$489 million with expenses of over \$426 million. He showed, under status quo assumptions, the plan will have a surplus until 2027.

Julie Bates asked why they're projecting such high membership numbers. Sakhrani said prior to Covid, there was a 3% increase assumed historically, but in 2021 and 2022 things were flat and 2023 will be also. Sakhrani mentioned they can update the numbers if those numbers are going to be assumed to be flatter, but they are basing those numbers on trends before Covid.

Bates asked if student membership is expecting to be flat then why would there be such growth. Rogers pointed out they have started to see growth, mostly in Charter Schools, which are participating in the program.

Jerry Jones asked about the retirement plans and if the growth is being projected accurately. Director Wallace said the goal is to push the MAPD Plan and educating members on the plan and more would move to that. Sakhrani said the idea is to have both plans going forward but to have actuarial pricing for them. He mentioned the MAPD is running more efficiently because of the Federal subsidies it receives and they project enrollment into the MAPD to grow over time.

Sakhrani showed the reserves of the PSE plan and said it is in a healthy state.

## **5. Updated Bariatric Rules: Grant Wallace**

Director Wallace offered up an amendment to the Bariatric surgery rules. He proposed a dependent on a plan to be eligible only if the dependent is a state employee or public school employee.

Kurt Knickrahm asked if there was counseling involved in the process and Laura Thompson said it is already apart of the process.

Knickrahm also asked if the state uses centers of excellence. Thompson answered saying the state only uses bariatric programs with Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program (MBSAQIP) accreditation. Billy Jackson made the motion seconded by Rhonda Walthall. **Motion Approved.**

## **6. Other Business**

Director Wallace updated the Commission on the PBM process EBD is going through. The contract was going to be awarded to Navitus Health Solution on February 16<sup>th</sup>, but on March 2<sup>nd</sup>, the current vendor, Medimpact Healthcare Systems submitted a protest to OSP and EBD. On March 15<sup>th</sup>, EBD submitted additional documentation to OSP to defend the awarding of the contract.

Jerry Jones asked what points were being protested.

Legal Council for EBD, Dakini Fields, outlined the points. The Procurement Office violated constitutional, statutory, and regulatory provisions; the procurement agent failed to adhere to the rules of procurement as stated and the failure to adhere to the rules of the contract awarded; and there was a technical or mathematical error in the evaluating process.

Bates asked if the PBM contract is still going to start July 1<sup>st</sup>. Director Wallace said yes. Bates asked about the possibility of a member disruption. Director Wallace hopes to have a resolution to the protest by the next meeting so there are no disruptions in the member experience.

#### **7. Formulary Review: Sidney Keiser:**

Sidney Keiser was filling in for Dr. Jill Johnson who could not attend the meeting but asked if there were any questions to the formular proposal. Kurt Knickrahm moved for approval, seconded by Billy Jackson. **Motion Approved**

Oktawia DeYoung presented an additional item to the formulary. The Omnipod 5 is not being allowed to be billed for medical anymore so it must be put under pharmacy in order for it to be covered. Jerry Jones moved for approval, Rhonda Walthall seconded. **Motion Approved**

Greg Rogers motioned to adjourn the meeting, Julie Bates seconded.

Meeting adjourned.