

SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

Health Care Policy Committee-Approved Minutes II.19.14

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

Thursday, October 16, 2014 – 9:30 a.m.

Health Care Committee Members Present:

Mr. Art Bjontegard

Mr. Steve Heisler

Mr. Frank Fusco

Mr. Audie Penn

Health Care Committee Members Absent:

Mr. Joe “Rocky” Pearce, Chairman

Others present for all or a portion of the meeting:

Peggy Boykin, Phyllis Buie, Sarah Corbett, Dayle DeLong, Denise Hunter, Megan Lightle, Heather Muller, Justice Perkins, Laura Smoak, and Stephen Van Camp from the South Carolina Public Employee Benefit Authority (PEBA); Karen Brurok and Daniel Boan from the South Carolina House Ways and Means Committee; Rob Tester, PEBA Consultant; Brooks Goodman from Blue Cross Blue Shield of South Carolina; Mike Madalena from Gabriel, Roeder, Smith and Company; Donald Tudor from the State Retirees Association of South Carolina; Orlo “Spike” Dietrich from the Ansley Capital Group; Lisa Wear-Ellington from the South Carolina Business Coalition on Health; Jim Bigl and Terry Baskin from Rx Results; Thompson Kinney from Milliken Law Firm; and Katie Brennan from Catamaran.

1. CALL TO ORDER

Mr. Steve Heisler called the PEBA Health Care Policy Committee (Committee) meeting to order at 9:32 a.m.

2. ADOPTION OF PROPOSED AGENDA

Mr. Audie Penn made a motion, which was seconded by Mr. Frank Fusco, and approved unanimously, to adopt the proposed Committee meeting agenda.

3. APPROVAL OF MINUTES: SEPTEMBER 10, 2014

Mr. Penn made a motion, which was seconded by Mr. Fusco, and approved unanimously, to approve the September 10, 2014, Committee meeting minutes.

4. BARIATRIC SURGERY PILOT ANALYSIS

Mr. Mike Madalena, from Gabriel, Roeder, Smith and Company (GRS), provided an update regarding the bariatric surgery pilot analysis, which is in response to a Proviso passed by the General Assembly in 2010. This Proviso requires the State Health Plan to establish a one-year pilot program designed to address the problem of the high rate of obesity in South Carolina by providing for the treatment and management of obesity and related conditions through various methods including bariatric surgery.

Mr. Madalena reported that per capital costs for the bariatric surgery population is significantly greater than the overall PEBA population, and based on experience through 2013, the data indicates a significantly higher increase in cost from the base period for the bariatric surgery population compared to the overall group. Mr. Madalena stated that while this result was expected for the first two years following the year of the study, continued review of the data is needed before arriving at any conclusions about the long-term financial and risk impact of bariatric surgery.

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5. DISRUPTIVE (TRANSFORMATIONAL) MODELS OF HEALTHCARE

Orlo “Spike” Dietrich, Managing Partner, from the Ansley Capital Group, and Lisa Wear-Ellington from the South Carolina Business Coalition on Health, provided a presentation regarding Transformational Models of Healthcare. Mr. Dietrich stated that WebTPA is a third party healthcare administrator which is widely accepted as one of the best independent administrators in the country serving over 375,000 members.

Mr. Dietrich advised that provider network components of WebTPA include:

1. High-quality outcomes and network saving marketing;
2. Tiered networks with variable benefit structures;
3. Contractual-based reimbursements; and
4. Employer/patient deductible management.

Mr. Dietrich discussed provider network implementation including:

1. Coordinating with local hospitals;
2. Implementing provider contracts based on current market competition;
3. Facilitating collaborative contracting methodology;
4. Providing documented employee savings and case studies; and
5. Executing better network performance including reduced cost, data transparency, and network control.

Mr. Dietrich outlined several care management components of WebTPA; discussed risk management including reinsurance components; and provided information on various components of Pharmacy Benefit Management (PBM).

Mr. Dietrich concluded his presentation by discussing product offerings and benefit plan designs of WebTPA.

6. WELLNESS RESEARCH STRATEGY TEAM UPDATE

Ms. Laura Smoak, PEBA, Manager of Research and Statistics, provided the Wellness Research Strategy Team Update, and stated that three initiatives for 2015 include:

1. Research current employer initiatives and establish a Wellness Consortium;
2. Increase participation in PEBA’s Workforce Wellness Program; and
3. Develop a targeted marketing campaign for current health initiatives including workplace screenings and a copay waiver program.

Ms. Smoak stated that PEBA’s information about employer engagement is limited to an employer’s participation in PEBA’s existing programs and employee claims data. For example, Ms. Dayle DeLong, Manager of Health Initiatives, reported that the Wellness Team evaluated a large employer that appeared to be not engaged in wellness initiatives, but upon further research, the employer was found to be very engaged in current wellness programs even though they had no claims for workplace screenings, and no engagement with Prevention Partners programming.

Ms. Smoak stated that PEBA’s current workplace wellness program activities include:

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1. Workplace screenings;
2. Prevention Partners Educational Programs;
3. Mobile mammography;
4. On-site flu shots;
5. Weekly Pilates lunchtime classes; and
6. A monthly PEBA diabetes support group.

Ms. Delong stated that the Wellness Team recommends implementing strategies to increase participation in PEBA's workplace wellness program, including offering free workplace screenings for all eligible members.

7. STATE HEALTH PLAN THREE-YEAR GENERAL FUND FINANCIAL OUTLOOK FOR RETIREE GROWTH AND HEALTH PLAN INCREASES

Ms. Smoak advised that Act 156 requires PEBA to provide an annual three-year general fund projection to the State Budget Office. Ms. Smoak reported that the projected State Health Plan annual premium growth rate effective each year equals 4.25 percent in 1/2016; 7.50 percent in 1/2017; and 8.60 percent in 1/2018. Ms. Smoak also reported that the estimated amount of general fund dollars for the State Health Plan is \$34.9 million in fiscal year 2015-2016; \$52.8 million in fiscal year 2016-2017; and \$77.2 million in fiscal year 2017-2018.

Ms. Smoak concluded her report by stating that retiree growth for fiscal year 2016-2017 and fiscal year 2017-2018 is estimated at 2.0 percent per year net growth.

8. ABORTION FUNDING REPORT

Ms. Smoak provided the abortion funding report as required by the fiscal year 2014-2015 Appropriations Act Proviso 105.4. Ms. Smoak reported that the amount paid by the State Health Plan in 2013 to cover abortions was \$4,693.

9. OLD BUSINESS/DIRECTOR'S REPORT

Ms. Peggy Boykin, PEBA's Executive Director, provided the director's report. Ms. Boykin reported that a number of PEBA Board members and staff attended the Governor's Quality Award Conference that was held October 15, 2014. Ms. Boykin stated that she was proud to announce that PEBA received the 2014 Explorer Achiever Award, and the award presentation will be available on PEBA's intranet for all employees to view. Mr. Heisler expressed his appreciation to PEBA staff for their hard work.

10. EXECUTIVE SESSION: PURSUANT TO SC CODE OF LAWS § 30-4-70 (a)(2)

At 11:55 a.m., Mr. Penn made a motion, which was seconded by Mr. Fusco and approved unanimously, to recede into executive session to discuss contractual matters pursuant to S.C. Code Ann. § 30-4-70.

The Committee reconvened in open session at 12:40 p.m. It was noted that no action was taken while in executive session.

11. ADJOURNMENT

There being no further business, and upon motion by Mr. Fusco, which was seconded by Mr. Art Bjontegard, and approved unanimously, the Committee meeting adjourned at 12:42 p.m.