

Minutes

State, Local Education and Local Government Insurance Committees April 22, 2021

The State, Local Education and Local Government Insurance Committees met on April 22, 2021 at 1:00 pm (central) via WebEx.

State Insurance Committee members participating:

Butch Eley, Commissioner, Finance and Administration
Nicole Shaffer, representing Jason Mumpower, Comptroller of the Treasury
David Lillard, State Treasurer
Carter Lawrence, Commissioner, Commerce and Insurance
Juan Williams, Commissioner, Human Resources
Michelle Consiglio-Young, state employee representative
Randy Stamps, Tennessee State Employees Association
Rob Chance, representing Higher Education

Local Education Insurance Committee members participating:

Butch Eley, Commissioner, Finance and Administration
Nicole Shaffer, representing Jason Mumpower, Comptroller of the Treasury
David Lillard, State Treasurer
Carter Lawrence, Commissioner, Commerce and Insurance
Maryanne Durski, Department of Education
Scott Langford, Middle TN School Employee representative
Erin Johnson, East TN School Employee representative
Jennifer Downing, West TN School Employee representative
Jennifer White, Tennessee School Board Association

Local Government Insurance Committee members participating:

Butch Eley, Commissioner, Finance and Administration
Nicole Shaffer, representing Jason Mumpower, Comptroller of the Treasury
David Lillard, State Treasurer
Kevin Krushenski, Tennessee Municipal League

Commissioner Eley called the meeting to order at 1:00 pm (central). A roll call of attendance noted a quorum was present for each Committee. Commissioner Eley advised that Executive Order #78 signed by Governor Lee provides that a governing body may conduct essential business by electronic means without a quorum of members physically present in the same

location, if the governing body determines that meeting electronically is necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak.

The items on the agenda for the Committees' consideration included:

- Employee Assistance Program (EAP)/Behavioral Health Organization (BHO) Contract Award (All Committees)
- Short-Term Disability (STD) and Long-Term Disability (LTD) Contract Award (State Only)
- Dependent Care Flexible Spending Account (FSA) Maximum Temporary Increase (State Only)

Commissioner Eley made a motion that the State Insurance Committee approve proceeding electronically. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	absent
Lillard	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	absent	Chance	yes

On behalf of the Local Education Insurance Committee, Commissioner Eley made a motion to approve proceeding electronically. Mr. Langford seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	absent
Lillard	yes	Lawrence	yes
Durski	yes	Langford	yes
Johnson	yes	Downing	yes
White	yes		

On behalf of the Local Government Insurance Committee, Commissioner Eley made a motion to approve proceeding electronically. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	absent
Lillard	yes	Krushenski	yes

Agenda Item #1 – Minutes of March 25, 2021 Meeting

Commissioner Williams made a motion that the State Insurance Committee approve the March 25, 2021 minutes as presented. Commissioner Eley seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	absent
Lillard	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes

On behalf of the Local Education Insurance Committee, Ms. Durski made a motion to approve the March 25, 2021 minutes as presented. Commissioner Eley seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	absent
Lillard	yes	Lawrence	yes
Durski	yes	Langford	yes
Johnson	yes	Downing	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to approve the March 25, 2021 minutes as presented. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	absent
Lillard	yes	Krushenski	yes

Agenda Item #2 – EAP/BHO Contract Award

At the request of Commissioner Eley, Seannalynn Brandmeir, Manager of Contracts and Procurement, Benefits Administration (BA) presented the Evaluation Team Report. Ms. Brandmeir noted that the Request For Proposals (RFP) was issued on December 10, 2020 with responses due March 22, 2021. BA received two responses to the RFP.

Mr. Brandmeir reviewed the components of each section of the RFP and the breakdown of points available for each section. As noted by Ms. Brandmeir, the cost proposal contained two tables: Administrative Services Fees and Claims. The Administrative Services Fees were calculated by the Solicitation Coordinator and sent to Aon, the State’s actuarial consultant, for analysis of the claims as outlined in the RFP.

Based upon the results of the detailed evaluation, the Response Evaluation Team recommended that the State, Local Education and Local Government Insurance Committees enter into a contract with Optum for EAP/BHO services for the State’s Public Sector Health Plans with a contract term beginning June 1, 2021 and extending through June 30, 2028. Ms. Brandmeir advised that the contract term included a seven-month implementation period as well as an eighteen (18) month claims run-out period following five years of service delivery.

Treasurer Lillard made a motion to enter into a contract with Optum for EAP/BHO services for the State’s Public Sector Health Plans with a contract term beginning June 1, 2021 and

extending through June 30, 2028. Commissioner Lawrence seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	yes
Lillard	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes

On behalf of the Local Education Insurance Committee, Mr. Langford made a motion to enter into a contract with Optum for EAP/BHO services for the State’s Public Sector Health Plans with a contract term beginning June 1, 2021 and extending through June 30, 2028. Ms. Durski seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	yes
Lillard	yes	Lawrence	yes
Durski	yes	Langford	yes
Johnson	yes	Downing	yes
White	yes		

On behalf of the Local Government Insurance Committee, Mr. Krushenski made a motion to enter into a contract with Optum for EAP/BHO services for the State’s Public Sector Health Plans with a contract term beginning June 1, 2021 and extending through June 30, 2028. Treasurer Lillard seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	yes
Lillard	yes	Krushenski	yes

Agenda Item #3 – STD/LTD (State Only)

Ms. Brandmeir presented the Evaluation Team Report for the STD/LTD Contract Award. Ms. Brandmeir noted that the STD was available for central state and higher education employees and the LTD was available for central state employees and higher education employees, should they choose to participate in the LTD plan. Members were advised that the RFP was issued on February 2, 2021 with responses due March 25, 2021. BA received four responses to the RFP, which included MetLife, Lincoln Financial, The Standard Insurance Company and Unum.

Ms. Brandmeir advised that during the Mandatory Section A review, issues were noted with three of the Respondent’s Technical responses. Lincoln Financial did not sign the Statement of Certifications and Assurances. The Solicitation Coordinator sought clarification from Lincoln Financial; however, they were unable to agree to sign the Statement. Unum signed the Statement of Certifications and Assurances; however, they modified the Statement by agreeing to develop a mutually agreeable contract. BA sought clarification from Unum, who indicated they were unable to sign the Statement as contained in the RFP. Unum did not address these concerns during the Q and A period of the RFP and BA could not consider their proposed

changes. The Standard Insurance Company proposal included deviations to the Pro Forma contract. Although The Standard Insurance Company addressed these issues in the Q and A period, BA sought clarification on these deviations and The Standard was unable to agree to remove these deviations from their response. Based upon the RFP rules and guidelines, each of these Respondents were deemed non-responsive in the RFP process.

The Evaluation Team reviewed the remaining proposal and, based upon that review, recommended that the State Insurance Committee enter into a contract with MetLife for delivery of STD and LTD benefits for the State’s Public Sector Health Plans with a contract term beginning June 1, 2021 and extending through December 31, 2026. Ms. Brandmeir advised that the contract term included a seven-month implementation period.

In response to member inquiry about changes in the benefits and premiums, Bob Smith, Director, Voluntary Benefits, BA, noted that the Committee had approved a change in Cost of Living Adjustment (COLA) from an unlimited provision to a maximum of five for the two LTD products. In regard to the premiums, Mr. Smith noted that the overall average premiums rates for the STD program would be reduced by 69%. For the LTD products, Mr. Smith estimated an overall average premium reduction of 37%. Ms. Brandmeir was asked about considerations made by BA for future procurements when several Respondents failed to meet the Mandatory requirements of the disability RFP. Ms. Brandmeir responded that BA is implementing the Procurement Subcommittee recommendations of respondent engagement meetings prior to the release of an RFP, expanding review of the procurement process and requirements at pre-proposer conferences and explaining that the Q and A process is the forum to raise questions about the RFP and its requirements.

Commissioner Lawrence made a motion that the State Insurance Committee enter into a contract with MetLife for delivery of STD and LTD benefits for the State’s Public Sector Health Plans with a contract term beginning June 1, 2021 and extending through December 31, 2026. Mr. Chance seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	yes
Lillard	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes

Agenda Item #4 – Dependent Care Flexible Spending Account (FSA) Temporary increase (State Only)

Director Lee reminded members of changes approved in February 2021 to the FSA relative to the carryover and grace period provisions. Members were advised that The American Rescue Plan Act of 2021 allows for a temporary increase in the 2021 plan year maximum dependent care election amounts. Director Lee noted that the memo provided to Insurance Committee members contained the correct increase amounts; however, the PowerPoint that accompanied the memo had a typographical error. Director Lee shared the increased amount

recommendations; for married person filing separately -\$5,250 and for individuals or married couples filing jointly - \$10,500, which were displayed accurately during the meeting.

Treasurer Lillard made a motion that the State Insurance Committee approve the temporary increase for 2021 dependent care FSA contributions as presented. Mr. Stamps seconded the motion, which passed with the following roll call vote:

Eley	yes	Shaffer	yes
Lillard	yes	Lawrence	yes
Williams	yes	Consiglio-Young	yes
Stamps	yes	Chance	yes

Agenda Item #5 – Premium Tier Adjustments (Informational Item)

Director Lee advised members that, in preparation for the 2022 premium recommendations to be considered in May, Aon reviewed claims in relation to premiums collected for individual tiers in the Plans. Colleen Huber, Aon Consulting, shared a table which illustrated the relationship between the coverage tiers to the employee only premium for the state sponsored plans and the national average. The example illustrated that for all groups, the actual claims ratio of the Employee + Spouse has consistently exceeded the tier ratio inherent in the premiums, while the tier ratios of Spouse + Child(ren) and Family have been below the tier ratios inherent in the premiums. Ms. Huber noted that the result has been that all other tiers’ premiums have been subsidizing the premium for Employee + Spouse.

Aon recommended that over the next several years, the Committees gradually increase the premium of the Employee + Spouse tier closer to national experience and claims experience. The overall aggregate premium increase would be the same, but slightly different within the coverage tiers. Members were advised that while the Employee + Spouse tier would have slightly higher premium increases, the other coverage tiers would have slightly lower premium increases. Mr. Huber presented preliminary examples based on premium assumptions to illustrate the recommendation. Committee members requested that the Aon presentation be provided to members and recommended labelling the slides to note they were for illustrative purposes only, not based on action of the Committees. Director Lee noted that additional claims data will be available prior to the final recommendation for premiums that will be presented to the Insurance Committees at the May meeting.

Director Lee was asked about the upcoming premium holiday for the State Plan while anticipating a premium increase effective January 1, 2022. Director Lee responded that the premium holiday was recommended based on past performance of the Plan as a one-time reduction to the Plan’s reserves. The recommended premium increase would be based upon the anticipated medical trend and forecasting of claims expenditures, conducted by Aon, for the Plans.

Commissioner Eley reminded members of the next meeting scheduled for May 27, 2021.

There being no further business, the meeting was adjourned at 2:25 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Laurie S. Lee". The signature is written in a cursive, flowing style.

Laurie S. Lee