

**Board of Trustees  
State Health Plan for Teachers and State Employees  
Department of State Treasurer  
January 24, 2013**

The meeting of the Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees was called to order at approximately 3:00 p.m. on Thursday, January 24, 2013, at the State Health Plan, 4901 Glenwood Avenue, Raleigh, NC 27612.

**Members Present:**

Chair Janet Cowell  
Paul Cunningham, MD  
V. Kim Hargett  
Noah Huffstetler  
Bill Medlin  
Vice-Chair Genell Moore  
Warren Newton  
David Rubin  
Michele Shaw  
Andy Willis (for Art Pope)

**State Health Plan Staff:** Lacey Barnes, Glenda Adams, Mark Collins, Lotta Crabtree, Thomas Friedman, Beth Horner, Mona Moon, Sally Morton, Lorraine Munk, Anne Rogers, Caroline Smart, Tracy Stephenson

**Department of State Treasurer Staff:** Joan Fontes, Andrew Holton, Fran Lawrence, Joanne McDaniel, Bill McGee, Heather Strickland, Melissa Waller (by phone)

**Guests:** Ginger Austin, Chip Baggett, John Bode, Eileen Ciesco, Charlotte Craver, Steve Daly, Johnny Davison, Pam Deardorff, Marge Foreman, Viki Fox, Jeff Hartz, Wadida Murib-Holmes, Rick Johnson, Jack Kenley, Christa Klein, Mike Laraway, Mitch Leonard, Nate Lewey, Rich Lomax, Sandra Lutz, Elise McDowell, Mary O'Neill, Lacey Presnell, Ed Regan, Jonathan Rubeni, Bill Scoggin, Jeff Scott, Tim Snyder, Chuck Stone, John Thompson (CCNC), John Thompson (UHC), David Vanderweide, Ken Vieira, Bob Walt

**Welcome**

Treasurer Janet Cowell, Chair, welcomed Board members, State Health Plan and Department of State Treasurer staff and guests to the meeting.

**Agenda Item - Conflict of Interest Statement**

In compliance with the requirements of Chapter 138A-15(e) of the State Government Ethics Act, Vice-Chair Moore read the "Conflict of Interest Statement" requesting members who have either an actual or perceived conflict of interest to identify the conflict and refrain from discussion and voting in those matters as appropriate. No disclosures were made and no conflicts were noted.

## **Agenda Item – Biennium Planning (Attachment 1)**

*Presented by Mona Moon, Interim Executive Administrator and Chief Financial Officer, and Caroline Smart, Director of Health Plan Operations*

Ms. Moon began by providing an overview of the discussions at the September and November Board meetings, including the initial scenario modeling and benefit design considerations. She also reviewed aspects of the Affordable Care Act (“ACA”) effective in calendar year 2014.

Items discussed at the September meeting included:

- Conversion of Fiscal Year to Calendar Year for Plan Benefits
- Medicare Advantage (“MA”)

Ms. Moon noted that integrating a Prescription Drug Plan (“PDP”) within an MA Plan is currently under consideration. Providing a combined option would be less confusing for members and would provide the potential for additional Plan and member savings. However, it could also lessen the flexibility of formulary management and utilization management programs and all existing prior authorizations for medications would need to be renewed. Board members were reminded that the Plan’s “grandfather” status could be affected if benefit enhancements, related to the coverage of preventive services, were made and then later changed.

An analysis of the Target Stabilization Reserve (“TSR”) vs. Incurred but not Reported claims (“IBNR”) was also provided. At the September meeting, the Plan recommended gradually increasing the TSR from 7.5 percent to 9 percent by 2015. This would provide an additional cushion for adverse claims and manage the variations in the Plan’s cash flow.

At the November Board meeting, the Board reviewed specific design elements to promote wellness and incent members to maintain healthy lifestyles. Information on tiered and limited provider networks and Patient Centered Medical Homes (“PCMH”) and Consumer Directed Health Plans (“CDHP”) was also presented and discussed.

Ms. Smart presented information regarding the proposed benefit design offerings for active and non-Medicare retiree members:

- Premium Credits
- Consumer Directed Health Plan features
- Copay Waivers and Reductions

The proposed monthly \$80 premium surcharge would be reduced for non-smokers (or smokers in a smoking cessation program), for members and dependents who select a primary care provider (“PCP”) during Annual Enrollment and subscribers who complete a health assessment (“HA”). The proposed smoking surcharge would be \$40 and the PCP selection and HA amount would each be \$20. Copay reductions could be earned by visiting the selected PCP or another provider in the practice. Members who use Blue Select providers would also be eligible for an additional copay reduction. Inpatient copays would be waived for members utilizing hospitals in the Blue Select network.

The CDHP would include a high annual deductible with preventive services covered at 100 percent. A Plan funded health reimbursement account ("HRA") would be established on a tiered basis for employee, employee plus one and employee plus family. The Plan is exploring alternatives to copay reductions for CDHP members who visit their PCP or providers within the Blue Cross Blue Shield Blue Select network since the plan design includes deductibles and coinsurance only.

Proposed plan design options for Medicare primary retirees were also discussed. Ms. Smart stated that both Humana and United Healthcare would provide a base and buy up option. The base plan would be modeled after the 80/20 PPO option and the buy-up would include lower copays and deductibles. Members who opt out of MA would have the option of electing the current premium free 70/30 plan as secondary coverage for traditional Medicare.

Board members reiterated the importance of adequately communicating plan changes to members and providers. Plan and Department of State Treasurer staff will develop an extensive communication strategy in the upcoming weeks and present it to the Board for review. Plan staff is also working with its vendors to ensure that system changes and technical support are in place.

Ms. Moon presented the updated forecast scenario modeling for 2013-2017, using the 8.5 percent trend and EGWP as the base. Various premium increases and subsequent general fund requirements were included in the summary, as well as variations of the MA, 80/20 and 70/30 plans. It was noted that currently identified financial aspects of the Affordable Care Act ("ACA") were included in the scenarios and the potential impact of the Plan losing grandfather status was also taken into account.

Ms. Moon requested that Board members consider the benefit design decision points in preparation for a vote during the 1/25/13 session:

- Conversion to calendar year 1/1/14
- Increase TSR – determine percentage and time period
- Medicare Advantage plan – MA only or MA with PDP
- Offering of CDHP

Board members expressed concern regarding the \$80 surcharge and the financial impact on members. Plan staff stated that it was important to convey the message that, in addition to reducing the surcharge to \$0, members could achieve savings in copay reductions and waivers.

### **Executive Session**

Following a motion by Dr. Newton and seconded by Mr. Medlin, the Board voted unanimously to move into executive session pursuant to G.S. 143-318.11(a)(3).

Mr. Willis stated that he will be taking a position at UNC Healthcare in May and expressed his pleasure at being able to serve on the Board. Mr. Art Pope, newly appointed Director of the Office of State Budget and Management ("OSBM"), will serve on the State Health Plan Board of Trustees. Mr. Willis did not participate in the executive session.

## **Lake Lawsuit**

*Presented by Lotta Crabtree, Director of Contracting and Legal Compliance*

Ms. Crabtree presented an update on the Lake lawsuit. A judge has been appointed and the Plan's brief was filed on January 9. The Plaintiff is required to file a response by February 5.

Mr. Huffstetler requested and was granted permission to discuss the WakeMed fraudulent Medicare billing investigation.

Ms. Crabtree reminded members not to discuss business during dinner.

Mr. Huffstetler's motion to move into open session was seconded by Dr. Newton. The Board voted unanimously to move out of executive session.

The meeting was adjourned at 6:20 p.m.

## **January 25, 2013**

The meeting of the Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees was called to order at approximately 9:00 a.m. on Friday, January 25, 2013, at the State Health Plan, 4901 Glenwood Avenue, Raleigh, NC 27612.

### **Members Present:**

Janet Cowell, Chair  
Paul Cunningham, MD  
V. Kim Hargett  
Noah Huffstetler  
Bill Medlin  
Vice-Chair Genell Moore  
Warren Newton, M.D.  
David Rubin  
Michele Shaw

### **Absent:**

Art Pope

**State Health Plan Staff:** Lacey Barnes, Glenda Adams, Lotta Crabtree, Beth Horner, Mona Moon, Sally Morton, Lorraine Munk, Anne Rogers, Caroline Smart, Tracy Stephenson

**Department of State Treasurer Staff:** Kim Battle, Andrew Holton, Joanne McDaniel, Heather Strickland, Joan Fontes, Anthony Solari, Melissa Waller (by phone)

**Guests:** Ginger Austin, Suzanne Beasley, Charlotte Craver, Eileen Cresco, Steve Daly, Pam Deardorff, Larry Earle, Marge Foreman, Viki Fox, Jeff Hartz, Otis Jennings, Rick Johnson, Jack Kenley, Christa Klein, Mike Laraway, Mitch Leonard, Nate Lewey, Rich Lomax, Elise McDowell, Amanda McGuire, Wadida Murib-Holmes, Lacy Presnell, Ed Regan, Jonathan Rubeni, Tim Snyder, Chuck Stone, Bill Sucic, John Thompson (CCNC), John Thompson (UHC), David Vanderweide, Ken Vieira, Bob Walt

## **Welcome**

Treasurer Janet Cowell, Chair, welcomed Board members, State Health Plan and Department of State Treasurer staff and guests to the meeting.

## **Conflict of Interest Statement**

In compliance with the requirements of Chapter 138A-15(e) of the State Government Ethics Act, Chair Cowell read the "Conflict of Interest Statement" requesting members who have either an actual or perceived conflict of interest to identify the conflict and refrain from discussion and voting in those matters as appropriate. No disclosures were made and no conflicts were noted.

## **Agenda Item - Review of Minutes, November 19-20, 2012; December 19, 2012 (Attachment 2)**

Upon the recommendation of Chair Cowell, Dr. Newton made a motion to approve the November minutes and Dr. Cunningham seconded the motion. The vote was unanimous to approve the November minutes, as written. Upon the recommendation of Chair Cowell, Mr. Medlin made a motion to approve the December teleconference minutes and Ms. Moore seconded the motion. The vote was unanimous to approve the December minutes, as written.

## **Agenda Item – Strategic Planning (Attachment 3)**

*Presented by the Vice-Chair Genell Moore, Paul Cunningham, MD, and Warren Newton, MD*

The Strategic Planning Workgroup presented a draft of the mission statement and strategic plan to the Board. Following discussion, the mission statement was amended, as follows:

*Our mission is to improve the health and health care of North Carolina teachers, state employees, retirees, and their dependents, in a financially sustainable manner, thereby serving as a model to the people of North Carolina for improving their health and well-being.*

At the request of Chair Cowell, Mr. Medlin's motion to approve the amended mission statement was seconded by Dr. Newton. The Board voted unanimously to approve the amended mission statement.

Board members discussed the following components of the strategic plan draft:

1. Operating Principles
2. Environmental Scan/External
3. Environmental Scan/Internal
4. Additional Policy Options

The following comments and proposed changes were included in the discussion (*numbering correlates with Attachment 3*):

- 2.a.i The importance of educating and communicating to plan members, legislators and key stakeholders was strongly emphasized. The Board agreed that the benefit plan is moving more toward emphasizing wellness and the Board should set the tone of partnering with members. Plan staff will work with the Communications Workgroup and the Communications department to craft appropriate language regarding the importance of the members' well-being.
- 2.a.ii Increasing copays, alone, is no longer a strategy that can be used to manage costs. It was suggested that the language be rewritten to incorporate the idea of "moving forward," removing the negative implication in the second sentence.

- 2.a.iii The Board discussed using the word “member” vs. “patient.” However, the vast core of the work centers around patients and something can be lost when that word is replaced by members.
- 2.a.iv Emphasize healthy outcomes and preventive care. The Plan has long involved itself in the full spectrum of care, from worksite wellness to disease and case management. The Board discussed including a bullet point regarding worksite wellness and a proactive approach to improving lifestyles and preventing chronic disease.
- 2.b.i Although some things are outside the Board’s authority and members recognize that the document is public information, they will continue to revisit transparency in the course of business. The Board also agreed to add language to this section regarding the safeguarding of information. The message conveyed needs to reach all regions of the State and be understood by all members. The word “doctors” will be changed to “providers.” It was suggested that the word “employees” replace “members” and that “stakeholders” be added.
- 2.b.iii The Board discussed combining the 2.b. iii and iv. Incorporate language regarding unfunded liability in this area since it correlates with long-term sustainability.
- 2.b.v Incorporate “choice” into this sentence. Marketing the ability for members to choose different plans is a key aspect of the new benefit structure and a true paradigm shift. The Board also suggested incorporating language encouraging members to become more personally accountable for their health while being respectful of their right to choose. This will ultimately be meaningful to their long-term well-being.
- 2.b.vi These two sections integrate well. Providers should be available to provide same-day
- 2.b.vii services to Plan members.
- 3. The strategic plan emphasizes transformative change and Board members recognize that the document will be revised from time to time as the environment changes. This area should be expanded to include the impact of federal laws and regulations. It was suggested that Board members bring ideas and discuss the external environment further at the next Board meeting.
- 4. The internal environmental scan speaks to a new way of organizing care. Health systems, provider offices and hospitals are consolidating, which will affect insurers and impact the Plan. The importance of compiling and sharing data was discussed. For the patient centered medical home concept to work effectively, data management will play a large role. Addressing regional, socioeconomic and racial disparity was also discussed, as well as the fiduciary responsibility to provide care for all members. The Board would like to review this type of data comparing the State Health Plan to other plans.

The Plan’s large population should afford it the opportunity to serve as a model for health care delivery in the state.

Due to impending inclement weather, the Board decided to continue the discussion at the March meeting. The strategic planning document will be revised, keeping in mind that the document is public information.

#### **Agenda Item - Pharmacy Benefit Language Revisions (Attachment 4)**

*Presented by Dr. Sally Morton, Clinical Pharmacist, and Tracy Stephenson, Director of Pharmacy Benefits*

Dr. Morton discussed the proposed pharmacy benefit language revisions.

The current copay tiers are quite rigid, allowing only generic medications in Tier 1, and dictate the pharmacy cost for members. With tier name language changes, the Plan, on approval by the Pharmacy and Therapeutics Committee, could place generics and brands between the different tiers in order to provide the most cost-effective medications in Tier 1 for the lowest copay. All specialty medications are currently on a separate tier.

Staff recommendation is to broaden Tier 1 from “generics” to “lower cost meds” which would include mostly generics but give the Plan flexibility to allow lower cost brands into Tier 1 or move higher cost generics to a different tier. Tier 2 would still include preferred brands but could now also include some high cost generics and compound drugs. The Plan would also add a non-preferred specialty tier.

Mr. Huffstetler’s motion to approve re-naming the prescription benefit tiers was seconded by Dr. Newton and approved unanimously by the Board. Following the vote, the Board requested replacing “lower-cost” to “cost effective” on the Tier 1 proposed language. The amended motion was unanimously approved.

The Plan would like to revise the specialty pharmacy benefit definition to include “biosimilar.” Biosimilars are expected to be available in 2014 and are still expensive specialty medications. Ms. Shaw’s motion to approve the language change was seconded by Dr. Newton and approved unanimously by the Board.

Medical foods are a type of special food used to treat diseases or conditions where nutritional requirements have been established. These products do not require FDA approval. The Plan currently covers some but not all of these medical food products due to some containing FDA approved prescription ingredients. With lack of regulatory requirements and for benefit consistency, the Plan proposes excluding coverage for all medical foods. Dr. Cunningham’s motion to exclude coverage of all medical products was seconded by Dr. Newton and unanimously approved by the Board.

The pharmacy benefit language revisions approved by the Board will be effective 7/1/13.

#### **Agenda Item – Chief Financial Officer Update**

*Presented by Mona Moon, Interim Executive Administrator and Chief Financial Officer*

Ms. Moon introduced new members of the Plan’s Policy, Planning and Analysis staff. Mark Collins, Financial Analyst and Tom Friedman, Healthcare Policy Analyst, both joined the Plan in January.

#### **Agenda Item – Financial Update (Attachment 5)**

*Deferred to March meeting due to impending inclement weather*

#### **Agenda Item – Proposed Legislative Changes (Attachment 6)**

*Presented by Lotta Crabtree, Director of Contracting and Legal Compliance*

Ms. Crabtree distributed a document outlining proposed legislative revisions to the General Statutes. None of the requests should be considered controversial. Although a formal vote was not required, the Board expressed agreement with the revisions.

**Agenda Item – Recommendation: Truven Healthcare Analytics Agreement (Attachment 7)**

*Presented by Lacey Barnes, Interim Executive Administrator*

Ms. Barnes provided background information on the contract between the Department of Health and Human Services (“DHHS”) and Truven Healthcare Analytics, effective July 2010. DHHS funded the development of the solution but will not continue to fund the ongoing utilization of the Truven solution going forward. The Plan requested approval from the Board to enter into a Memorandum of Understanding with Truven to develop and utilize a comprehensive reporting system, including medical and pharmacy claims and eligibility data, as well as state and national benchmarking data. The system would interface with the Plan’s new vendors and Medicare Advantage data in 2014. The cost of the contract over five years would be \$1.2 million.

Considering the proposed benefit changes, the Board requested the Plan consider reporting capability at the practice level.

Dr. Cunningham’s motion to approve moving forward with the memorandum of understanding to utilize the Truven solution was seconded by Mr. Huffstetler and unanimously approved by the Board.

**Agenda Item – Integrated Health Management Report (Attachment 8)**

*Deferred to March meeting due to impending inclement weather*

**Finalize Biennium Plan**

*Janet Cowell, Chair, Board of Trustees*

*Presented by Mona Moon, Interim Executive Administrator and Chief Financial Officer*

Due to impending inclement weather, the Board chose to vote on the calendar year, Target Stabilization Reserve and the offerings of Medicare Advantage and a Consumer Directed Health Plan. Board members agreed that additional discussion was required before a vote could be called on the structure of the wellness initiatives. It was requested that Plan staff send potential meeting dates and times to Board members following the meeting.

**Convert to a Calendar Year:** Dr. Cunningham’s motion to approve converting to a calendar year was seconded by Ms. Shaw and unanimously approved by the Board.

**Target Stabilization Reserve (“TSR”):** Mr. Huffstetler’s motion to increase the TSR from 7.5 percent to 9.0 percent in an incremental approach was seconded by Dr. Newton and unanimously approved by the Board.

**Medicare Advantage (“MA”):** The Board requested additional discussion regarding communication, pricing, copays, data management, etc., of an MA Plan. However, Plan staff requested a directional decision regarding whether or not to combine a prescription drug plan (“PDP”) with the MA plan. Dr. Newton’s motion to approve combining the MA with a PDP was seconded by Mr. Medlin and unanimously approved by the Board. The Plan will present additional information on the benefit design.

**Consumer Directed Health Plan (“CDHP”):** The Board agreed that additional discussion regarding the benefit design of a CDHP was required. Ms. Hargett’s vote to move forward with the exploration of a CDHP was seconded by Ms. Shaw and unanimously approved by the Board.

**Structure for Wellness Initiatives:** A vote on the wellness initiatives was deferred. A special meeting will be scheduled to allow for further discussion.



## **Executive Session**

Following a motion by Ms. Shaw and seconded by Ms. Moore, the Board voted unanimously to move into executive session pursuant to G.S. 143-318.11(a)(1), G.S. 132-1.2 and G.S. 143-318.11(a)(6).

Population Health Management Contract – Ms. Barnes presented information on the Population Health Management contract and a document was distributed. Dr. Newton disclosed that his relationship with Community Care of North Carolina (“CCNC”) is as a provider but does not include being a member of any committee or on the CCNC Board.

Update on EA Search – Qualifications of proposed Interim Executive Administrator to replace Lacey and next steps in naming a permanent Executive Administrator were discussed.

## **February 4, 2013**

The meeting of the Board of Trustees of the North Carolina State Health Plan for Teachers and State Employees was called to order at approximately 3:30 p.m. on Monday, February 4, 2013, at the State Health Plan, 4901 Glenwood Avenue, Raleigh, NC 27612.

### **Members Present:**

Janet Cowell, Chair  
Paul Cunningham, MD  
V. Kim Hargett  
Noah Huffstetler  
Bill Medlin  
David Rubin  
Michele Shaw

### **Participating by Phone:**

Vice-Chair Genell Moore  
Warren Newton, M.D.

### **Absent:**

Art Pope

**State Health Plan Staff:** Lacey Barnes, Glenda Adams, Mark Collins, Lotta Crabtree, Thomas Friedman, Beth Horner, Mona Moon, Sally Morton, Lorraine Munk, Anne Rogers, Caroline Smart, Tracy Stephenson

**Department of State Treasurer Staff:** Andrew Holton, Fran Lawrence, Joanne McDaniel, Heather Strickland, Joan Fontes, Anthony Solari, Melissa Waller (via phone)

**Guests:** Ginger Austin, Eileen Ciesco, Charlotte Craver, Pam Deardorff, Rick Johnson (by phone), Jack Kenley, Mitch Leonard, Elise McDowell, Lacy Presnell, Jonathan Rubeni, Chuck Stone, David Vanderweide, Ken Vieira (by phone), Bob Walt

### **Welcome**

Treasurer Janet Cowell, Chair, welcomed Board members, State Health Plan and Department of State Treasurer staff and guests to the meeting.

### **Agenda Item - Conflict of Interest Statement**

In compliance with the requirements of Chapter 138A-15(e) of the State Government Ethics Act, Chair Cowell read the "Conflict of Interest Statement" requesting members who have either an actual or perceived conflict of interest to identify the conflict and refrain from discussion and voting in those matters as appropriate. No disclosures were made and no conflicts were noted.

### **Agenda Item – Biennium Planning Presentation (Attachment 9)**

*Presented by Mona Moon, Interim Executive Administrator and Chief Financial Officer, and Caroline Smart, Director of Health Plan Operations*

Ms. Moon reviewed the timeline of past board discussion and actions from May 2012 through January 2013. She acknowledged the Board's desire for a thorough discussion but emphasized the importance of establishing a final plan design in order to allow for the budget process and successful implementation of the new changes. In addition, with more options potentially available to members, the Plan will need to allow adequate time to effectively communicate the benefit changes to members.

A modified wellness design scenario was presented for consideration. First, the 70/30 plan option will continue to be offered on a premium free basis to both retirees and active employees through calendar year 2015. The wellness design elements, including the premium surcharge and ability to earn credits, will be applied for active subscribers beginning in 2016.

A modified version of the 80/20 plan was also discussed. The most notable change is a reduction in the total monthly wellness premium surcharge from \$80 to \$40. In addition, incentives and rewards, including a tiered network for specialty and inpatient visits and office visit copay reductions, will also be offered.

Information on the modified wellness design scenario for the Consumer Directed Health Plan ("CDHP") was presented for consideration. The CDHP includes 100 percent coverage for preventive services. The wellness premium surcharge will also apply for subscribers under this option but can be reduced by completing specified healthy activities, as in the 80/20 plan option. Incentives and rewards may also be a feature of the CDHP but because there are no copays with a CDHP, the Plan will need to establish alternative incentives from those offered under traditional plans.

Ms. Moon provided forecast modeling for the modified scenarios under consideration, including projected premium increases through 2017 and General Fund requirements through 2015. If Plan benefits remained the same, the premium increase in 2013-2015 would be 1.9 percent and 15.1 percent in 2015-2017. Based on plan design changes approved by the Board January 25, 2013, the premium increase in 2013-2015 would be 3.8 percent and 12.8 percent in 2015-2017. Premium increases under the modified wellness design scenarios ranged from 4.2 percent to 4.7 percent in 2013-2015 and 10.4 percent to 10.8 percent in 2015-2017.

Chair Cowell recognized four members of the audience who represent employer groups and stated that they would have five minutes each to address the Board.

Ms. Ardis Watkins, State Employees Association of North Carolina, emphasized the need to consider what would be best for Plan members and expressed strong opposition to the wellness surcharge.

Mr. Ed Regan, North Carolina Retired Government Employees Association, expressed appreciation to the Board for voting to offer a Medicare Advantage option for retirees. He stressed the importance of communicating the various options to members and providing education for members to accurately complete the Health Risk Assessments and choose their provider. He stated that he and his organization would assist the Plan in whatever was required to successfully implement the changes.

Ms. Pam Deardorff, N.C. Retired School Personnel, echoed Mr. Regan's comments and strongly emphasized education as being critical to successful implementation.

Ms. Marge Foreman, North Carolina Association of Educators ("NCAE"), stated that offering a free option is important and that she supports the wellness initiatives. She also emphasized member education and close collaboration with Plan staff to determine the best way to assist members in completing the Health Risk Assessments. She stated that NCAE would like the Plan to consider a one month grace period for teachers who are engaged in end of school year activities and not in school during the summer. She offered assistance in the implementation and education process and requested a list of Blue Select Network providers.

Board members discussed the pros and cons of the wellness initiatives and the effect on members. They also discussed the financial implications and the process involved in requesting money from the General Assembly. Ms. Moon stated that decisions by the Board establish the direction and that there are many moving parts between those decisions and implementation.

Several members expressed concern that not approving the wellness initiatives does not support the Board's mission statement. The biggest obstacle is the out-of-pocket surcharge that members will incur even though they have the option to reduce the surcharge to \$0.

Mr. Medlin made a motion to approve the modified design and all components. Dr. Cunningham seconded the motion. Plan staff clarified that the members were voting for Scenario number 6 on page 20 of the "Finalize Biennium Planning" presentation (Attachment 1) that provided for 70/30 free until 2016, and a \$40 total surcharge on the 80/20 and CDHP plans. Seven of eight members of the board voted to approve the modified benefit design with Ms. Shaw voting "no."

Ms. Moon stated that the forecast would be revised during the week of February 4 to reflect the approved benefit design changes. She stated that a final set of numbers would be available for members of the General Assembly and Office of State Budget and Management staff. If possible, the revised forecast will be provided to the Board prior to the March Board meeting.

The meeting was adjourned at approximately 5:30 p.m.



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Janet Cowell, Chair