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MINUTES

March 12, 2008

8:30 a.m. – 10:30 a.m.

Missouri Department of Higher Education

The meeting was called to order at 8:30 a.m. by Janelle Jaegers.

**Alan Bailey – Missouri Consolidated Health Care Plan**

Alan Bailey presented a slide show in reference to high deductible health plans with a health savings account.

How do they work? There are four parts involved:

1. Preventive Care covered at 100%
  - a. Well child visits
  - b. Adult annual physicals
  - c. Immunizations and screenings
  - d. Mammograms
  - e. Pap smears
  - f. Colonoscopies
2. Annual deductible (the minimum is established by IRS regulation)  
\*\*Current rates: Individual - \$1100 & Family - \$2200\*\*
  - a. All covered non preventive expenses (RX does count toward the deductible).
  - b. May be separate in and out of network deductible.
  - c. Member decides how to pay for expenses.
    1. health savings account
    2. personal funds
3. Health Coverage
  - a. After deductible is met, there is a coinsurance amount that must be paid by the member for all eligible medical and RX expenses, up to an out of pocket max.
  - b. Non-network coinsurance is normally higher.
  - c. A lifetime maximum may apply.
4. Health Savings Account
  - a. Any money that goes into an HSA belongs to the member no matter who contributes the money.
  - b. The employer may contribute money to the HSA.

- c. IRS establishes annual maximum amount that may be put into HAS (\$2900 for Individual & \$5800 for Family).
- d. Only used for qualified medical and RX services to receive pre-tax advantage (IRS publication 502).
- e. Do not have to use HAS to pay for expenses. Member may leave funds in the account to accrue tax free interest for use at a later date (ex. Additional retirement fund).

The HDHP with HSA was listed in House Bill 818, which was passed last year by the Legislature. The bill requires that MCHCP begin offering a high deductible health plan with health savings account to state and local government members with the open enrollment period for the 2009 plan year. It also requires the HDHP with HSA meet the minimum requirements established by the IRS. In order for participation in the HDHP, members must establish a health savings account.

A timeline was given in regards to the proposal and contract award for state and public entity members. This includes:

- Begin offering HDHP/HSA January 1, 2009.
- One year contract with additional four years at the sole option of the MCHCP Board.
- Bidder must bring a banking arrangement as a part of the bid.
- MCHCP reserves the right to use its own bank rather than the one proposed.
- Guaranteed pricing for CY 2009 without exceeding pricing for CY 2010 – 2013.

A debit card will be issued from the trustee of the health savings accounts, plus an ID card will be issued from the insurance company. A beneficiary can be set up, but tax issues have not yet been addressed. Those who are not persistent with keeping up on paper work should not typically sign up for the HDHP with HSA.

Missouri Consolidated Health Care Plan has researched other states' experience and numbers with HDHP with HSA, and they are as follows:

- Kansas – 300 State Employees
- Oklahoma – 16 State Employees
- Arkansas – 3,000 State Employees
- Idaho – 10 State Employees

HDHP with HSA is a great opportunity for members to become more aware of the actual cost of health care. Members will engage in controlling costs while offering additional flexibility in use of personal funds in paying for health care. Also, HDHP with HSA establishes an additional investment tool for members to consider.

MCHCP is working on education efforts in order to get the message out about high deductible health plan with health savings accounts. These include:

- SHRMC
- Payroll Personnel Focus Group
- FAQ section on MCHCP website
- General information on the internet
- Print Material
- Newsletter
- Video Presentations
- Open Enrollment
- Payroll Stuffers ( Ask suggested by Janelle Jaegers)

## **OA Personnel – Gary Fogelbach**

Gary talked about the proposal for a flat rate increase for state employees, rather than the percentage based increase of 3%.

The flat rate increase would allow for \$1,056 for each state employee, which turns out to be \$44.00 a pay period. Any employee with a salary under \$35,200 would benefit, while those above \$35,200 would not.

Gary mentioned that doing the flat rate increase creates a problem when trying to hire and/or retain more professionally trained and educated staff. He gave several examples of how the flat rate would affect various positions:

- Nursing Assistant – 5% Increase
- RN III – 2.17% Increase
- Food Service Helper – 5.4% Increase
- Computer Information Specialist – 2.1% Increase

Gary then turned to the past 22 years (since July of 1986). In those 22 years, 13 years have incurred a flat dollar amount, including no increase at all. The other nine years there has been a percentage based increase. The highest pay range of 38 has increased 32% since 1986. Although, the Consumer Price Index for the Midwest has gone up 79% since 1986.

Benefits were calculated in the overall total when dividing the dollar amount allocated by the appropriated FTE for the flat rate increase.

Steve Allison brought up the Bill on Veterans and whether or not Gary had additional information on the extra two years of service credit. Gary did not have additional information, but thought MOSERS could answer any questions regarding this Bill.

## **OA Accounting – Libbie Farrell**

Libbie mentioned that those who have been granted exemptions in the past for direct deposit must re-submit a new form again in order to become valid. She asked for the new direct deposit application to be used.

Libbie discouraged agencies to re-organize around the end of the fiscal year; June 30<sup>th</sup> falls during the week, so there will be no weekend to shut the system down.

In regard to PAB rulings, when calling the Division of Employment Security, only ask what the State of Missouri has contributed to unemployment benefits.

**The next meeting will be April 9<sup>th</sup>, at 8:30 a.m. at the Missouri Department of Higher Education.**

The meeting was adjourned.