

HEALTHCARE COST
CONTAINMENT COMMITTEE



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STATE OF CONNECTICUT
HEALTHCARE POLICY & BENEFIT SERVICES DIVISION
OFFICE OF THE STATE COMPTROLLER

HEALTHCARE COST CONTAINMENT COMMITTEE MEETING MINUTES
March 10, 2025

Meeting Called to Order by **Rae-Ellen Roy**.

Attendance:

Labor	State Comptroller Administrative Staff
Carl Chisem – CEUI	
Dan Livingston – SEBAC	Thomas Woodruff
	Josh Wojcik
	Presenters
	Bernie Slowik – OSC
	Rae-Ellen Roy – OSC
Management	Betsy Nosal -OSC
Gregory Messner	
Karen Nolen	
	Consultants
Dept. of Insurance	Terry DeMattie, Segal
Paul Lombardo	

Public Comment:

No public comment.

Financials:

The active appropriation remains strong, with an anticipated surplus of approximately \$32 million by the end of the year. However, we continue to see an increase in monthly claims costs, which is causing our reserves on the active side to dwindle a bit. Nonetheless, we still maintain a surplus of about \$52 million in our FAD accounts.

The retiree appropriation is consistent and is still projected to have a deficit of approximately \$37.5 million, resulting in a near one-to-one balance with the appropriation surplus. We are looking at a total deficit of about \$5.5 million between the two accounts.

Our retiree health OPEB FAD balances are expected to total around \$225 million by the end of the year. We continue to draw down on this balance, but the reserve remains very healthy in that area.

Premium Rates:

These are the rates for both active employees and retirees. We have not yet received the dental rates. More information will follow, but we expect a significant increase this year compared to previous years.

Currently, the trend for medical rates for active employees is 11.1%, while prescription rates have increased by 4.37%. This results in an overall rate increase of 9.94%. This increase is mainly due to the impact of claims, particularly the rising costs associated with inpatient care and prescription medications. Additionally, we are adding a reserve of approximately \$2.50 IBNR costs to the active rates for Fiscal Year 2026, which is expected to rise to \$13.23. We must build up this reserve, as it contributes significantly to the overall rate increase.

On the retiree side, prescription costs are improving, showing only a 0.17% increase. However, the medical plan continues to face high costs related to inpatient care, leading to a 13.55% increase in that area. Consequently, the overall rate increase for retiree plans is 10.8%.

Partnership:

As of March 1st, Partnership 2.0 has 169 groups enrolled, representing over 25,000 employees and over 60,000 members. We have confirmed two additional groups joining on April 1st and one on May 1st. We will release the final rates for Partnership 2.0 later today and email this information to all existing groups.

Additionally, we are working on individual renewal letters, which will be sent out within the next two weeks. There is considerable interest from new groups looking to join the plan starting July 1st. Release these rates will help solidify their decisions. Our team continues to attend meetings and provide information to these potential groups.

Regarding the status of Partnership 1.0, we still have five groups remaining, totaling approximately 2,500 employees and 3,500 members.

Question: Are you hearing from the partnership groups that they are also seeing significant increases from other municipalities?

Answer: This year has been particularly challenging for everyone, especially for smaller groups experiencing double-digit increases. As a result, many groups are considering our services this year.

High-Level Utilization:

Similar to previous months, we are still seeing significant increases in inpatient facility care. However, I want to note that this situation has improved compared to the last couple of months.

Pharmacy costs continue to be a significant factor affecting overall spending, with an increase of approximately 17.7% this year, resulting in a total trend rate of 9.1%. This aligns with the rate increases we previously discussed.

As mentioned, a substantial portion of these rate increases is due not only to the trends associated with our current claims costs but also to the necessary reserve adjustments. These adjustments are needed to align our accounting with the required reserve balance.

We continue to see a trend in pharmacy costs, mainly driven by specialty and brand-name drugs. We actively monitor these trends and collaborate with Caremark to review the relevant information.

Communications Update:

We maintain steady communication, albeit on a smaller scale, as we approach open enrollment. We anticipate a significant increase in communications regarding benefits during April and May. For now, the monthly well-being chronic education seminars will continue as planned.

We also want to remind everyone that the State Employee Credit Union benefits are available to all employees through the benefits portal on Quantum. Additionally, an HEP status check reminder will appear when you first log into your portal.

March is Colorectal Cancer Screening Awareness Month, and we are sending letters regarding HEP, including catch-up information for 2024 non-compliance and reminders for 2025.

We will soon be sending out a general preventive HEP email series. This will help everyone understand the importance of HEP as a preventive measure and encourage scheduling appointments promptly.

RFP Update:

We currently have the Medicare RFP posted for the Medicare Advantage plans for our retiree group. The bid was released on February 27th, and we held our pre-bid conference on March 4th. Parties and bidders submitted written questions on March 5th, and we have prepared answers to those questions. We plan to provide those answers to the bidders this week.

The deadline for submissions is March 27th. We have highlighted several key items we are looking for in these bids. Specifically, we seek proposals that match our current offering of a fully insured Medicare Advantage plan with an associated prescription drug plan combined as one product.

Due to market trends and the reduction in federal subsidies, particularly for prescription drugs, we are also asking bidders to separate their proposals. This includes a fully insured Medicare Advantage plan for the medical portion and a self-funded EGWP for the prescription portion, which we hope will reduce our overall risk and costs related to prescription drugs.

Additionally, we have requested bidders to provide options for a fully insured Medicare supplement plan. This is the traditional model where Medicare serves as the primary payer, and our plan would act as the secondary payer, along with a self-funded EGWP. This approach will allow us to evaluate different options from both a cost and administrative standpoint.

RFI Update:

Since last fall, we have planned a comprehensive RFI for some point solutions, which we consolidated into one RFI for digital therapeutic services under three different categories. The first category focused on mental health and behavioral health services. The second was for oncology or cancer treatment, and the third was for fertility services. We explored these three areas for both the state medical plan and the partnership plan.

Whenever we conduct this kind of outreach, our goal is to improve outcomes and the quality of services, enhance access, and ultimately increase member satisfaction while also focusing on cost containment. This means preventing unnecessary spending and reducing overall costs. We released the RFI in December 2024, and after addressing some questions, the RFI closed at the beginning of January, specifically on January 9th.

In response to the RFI, we had six respondents in the behavioral health space, five in the oncology/cancer space, and six in the fertility services space. Our RFI committee convened to review all the submissions, and we decided to move forward with an RFP specifically for behavioral health, which includes mental health and substance use disorder services.

One requirement for participating in the RFP was that organizations submit a response. This was to ensure that no one was merely coasting on the efforts of others. We received six responses to the RFI and subsequently released the RFP for behavioral health services, which we envisioned as both virtual and, where possible, incorporating in-person components. We aimed to identify the best services available for our members.

The RFP closed two weeks ago, and we received four complete submissions, which is promising. We are currently in the process of reviewing these submissions with the assistance of our consultant, Segal. The committee is scheduled to meet tomorrow, and it will be interesting to discuss whether we want to conduct interviews with any or all of the four groups. Based on our previous interviews and the feedback, we know there is a significant need for improved and faster mental and behavioral health services, as reflected in various subcategories within these fields.

We've heard numerous concerns, such as difficulties in getting appointments and issues with providers not being in-network. Therefore, we're focusing on expanding the network of available providers and the variety of services offered. We will review the responses, conduct interviews, and make a recommendation to the Comptroller to finalize everything and commence negotiations

with the selected respondents. The committee will assess the best fit, and we hope to have the contract effective by July 1st.

While we received responses for both oncology and fertility services, we are still interviewing and gathering further information. At this time, we are not actively preparing to submit an RFP for either of those categories, but we may consider it in the future.

Medical Pharmacy RFI Update:

We have conducted several interviews with our RFI respondents and received eight complete responses covering a variety of scopes. Our three scopes for our medical pharmacy are as follows: the first is formulary and utilization management, the second is creating a preferred provider network, and the third is managing manufacturer discount coupons.

During the RFI period, we received eight complete responses. Our committee convened and determined that we needed more information—not only on how our vision for this new service line would operate but also on the challenges or barriers that might be perceived in this space. Additionally, we wanted to meet with all of the respondents to ensure they could provide options and support for executing our vision, as opposed to the current service lines they offer.

We conducted several interviews, not only with the respondents but also with experts in oncology and neurology from an infusion perspective. We also consulted with a point solutions organization that understands the challenges and barriers associated with this space.

We are currently reviewing this information as a committee. We hope to have a recommendation on moving forward with the RFP to present to the Comptroller. We should have further details by our next meeting next month.

Rae-Ellen Roy – Invited other questions or comments from committee members and the public. There were no additional questions or comments, call for motion to adjourn.

Motion to Adjourn was made by Dan Livingston and seconded by Karen Nolan.

Meeting was adjourned.