

State of New Hampshire  
**DEPARTMENT OF ADMINISTRATIVE SERVICES**

**SELF-FUNDED EMPLOYEE AND  
RETIREE HEALTH BENEFIT PROGRAM**

FY 2008  
Annual Report



# Letter from the Commissioner



**State of New Hampshire  
DEPARTMENT OF ADMINISTRATIVE SERVICES  
State House Annex – Room 120  
25 Capitol Street  
Concord, NH 03301**

October 2008

The Honorable Marjorie K. Smith, Chairman  
Fiscal Committee of the General Court  
State House  
Concord, NH 03301

Dear Representative Smith:

I am pleased to present to the Fiscal Committee the FY 2008 annual report of the Self-Funded Employee and Retiree Health Benefit Program. This report compiles the previous FY 2008 financial activity reports previously sent to your Committee on a bi-monthly basis throughout the year.

In addition, the report contains information detailing the Program organization within the Department and summarizes some of the other administrative and operational activities and challenges of the Program. Again, I am happy to report the Program is in good financial condition and providing significant savings to the State.

I am available to address any questions you may have.

Sincerely,

*Linda M. Hodgdon*  
Commissioner



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# I. Executive Summary

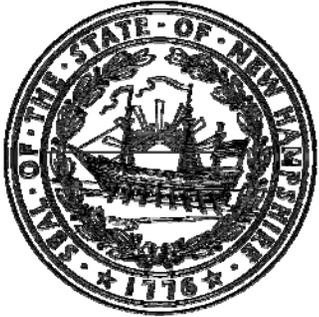
During FY 2008, the Self-Funded Employee and Retiree Health Benefit Program was successful. The Program's success is the direct result of the efforts and collaboration of the various units with the Department of Administrative Services that manage it. Together, they accomplished the goals and faced the many challenges that are part of administering the health benefits for the State's employees and retirees, and their families.

Although self-funding is still a relatively new undertaking for the State of New Hampshire, the Program has already achieved considerable cost savings for the State and has effectively managed the risk associated with no longer being insured in the traditional sense. Furthermore, the State has successfully managed the added administrative responsibilities and more active financial management of the plans that come with self-funding benefits. These responsibilities have included day-to-day plan management, provider and vendor procurements, Program monitoring, plan design, fiscal management (including GASB OPEB liabilities) and positioning the Program for sustainability in the future.

On a financial basis, the Program is in good condition. There were significant cost savings in FY 2008 due primarily to successful medical and prescription drug vendor procurements with improved pricing and network discounts, moving to self-funding of dental benefits and the recognition of interest income. Since the Program's inception through the end of FY 2007, the Program's medical and Rx fund balance had grown to \$56.9M. In FY 2008, \$23.8M of that balance was credited to the agencies as a rate holiday to bring down the fund balance. FY 2008 ended with a \$12.6M surplus after reserves. The dental plan became self-funded in December 2007, and by the end of FY 2008 revenues exceeded expenditures by \$981,992.

Aside from the opportunities presented by self-funding, the Program also has been presented with challenges. Actively managing vendors and other administrative responsibilities requires a high amount of dedicated resources. Additionally, there are significant opportunities for the Program to promote wellness, close the retiree GASB OBEP funding gap, address what underlies medical trend, enhance how benefits are delivered, encourage appropriate utilization of the Program and assure its long term viability. Modest investments in internal and external resources can result in substantial improvements in the Program, greater health of the State's employees, retiree and their families, and significant cost savings for the State of New Hampshire and our taxpayers.

Looking ahead to FY 2009, the Program has already laid out clear administrative and program goals it aims to accomplish that will continue to benefit the State and its employees, continue to improve Program operations from previous fiscal years, and sustain the Program into the future.



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## II. Recent Program Successes

- The New Hampshire Department of Administrative Services' Self Funded Employee and Retiree Health Benefit Program has had many individual program successes during FYE June 30, 2008.
- Overall, the Self-Funded Employee and Retiree Health Benefit Program and the migration to self funding has been a success. These are the direct result of the efforts and collaboration of the various units that manage the Self-Funded Health Benefit Program to accomplish the various goals and challenges that are part of managing the benefits to employees and retirees.
- The charts on the following pages highlight some of the individual program successes that took place during FY 2008.



## II. Recent Program Successes *continued*

Activity	Summary
Health Benefits Advisory Committee Functions	<ul style="list-style-type: none"> <li>• HBAC members are now invited to attend the Program's quarterly vendor meetings and participate in benefit administrator procurement processes</li> </ul>
Employee Wellness	<ul style="list-style-type: none"> <li>• Secured a full-time clinically trained wellness facilitator as part of the medical administrator contract</li> <li>• Conducted quarterly wellness coordinator training sessions</li> <li>• Through data analysis, identified an opportunity to promote preventive services, distributed related materials and posted on web</li> <li>• Wellness workgroup meets bi-weekly to discuss and implement wellness efforts</li> <li>• Wellness workgroup has expanded its partnership with DHHS to reduce duplicative efforts and benefit from DHHS programs and tools that are already established</li> </ul>
Health Reimbursement Arrangement and the Health Assessment Tool	<ul style="list-style-type: none"> <li>• Implemented a state funded HRA for active state employees (non-troopers) who complete an online health assessment</li> <li>• By the close of FY 2008 44.5% of the eligible population completed the assessment; a total of 5,352</li> </ul>
Implementation of Employee Per Pay Period Contributions	<ul style="list-style-type: none"> <li>• Implemented employee cost share by creating a process to deduct contributions directly through the payroll system</li> </ul>
Domestic Partner Coverage	<ul style="list-style-type: none"> <li>• Implemented a new eligibility process for domestic partners and parties to a civil union</li> </ul>
Savings from Procurement Processes	<ul style="list-style-type: none"> <li>• By utilizing the State's competitive bid process the Program expects to save \$45M over the life of its in-force agreements</li> </ul>
Anthem Implementation	<ul style="list-style-type: none"> <li>• Coordinated a complex transition to a new medical benefits administrator with minimal disruption to the Program's enrollees</li> </ul>
Retiree Drug Subsidy Program Participation	<ul style="list-style-type: none"> <li>• Participated in the federal RDS program, which subsidizes prescription drug coverage for Medicare eligible retirees, involved offering coverage that is actuarially equivalent to Medicare Part D</li> <li>• In FY 2008, the Program recovered approximately \$3.4M in subsidy payments which were deposited into the general fund.</li> </ul>



## II. Recent Program Successes *continued*

Activity	Summary
Self Funded Dental Benefit	<ul style="list-style-type: none"> <li>• Transitioned to a self funded dental benefit plan</li> <li>• The Program expects to pay out approximately \$1.2M less in self-funded claims and administrative expenses than it would have paid in premium over the two year contract period (December 1, 2007 to December 31, 2009)</li> </ul>
Working Rate Holiday	<ul style="list-style-type: none"> <li>• In the third quarter of FY 2008 the Program implemented a “working rate holiday” in which state agencies were exempted from contributing to the expenses of the Program for up to 2+ months</li> <li>• \$23.8M in total was returned to the agencies, representing Program’s accumulated surplus</li> </ul>
Integration of Retirees State’s Health Benefit Program	<ul style="list-style-type: none"> <li>• Integrated retiree enrollment data into the Program’s enrollment and eligibility database</li> </ul>
Pharmacy Benefit Manager Audit	<ul style="list-style-type: none"> <li>• Completed a comprehensive audit of the Program’s PBM. Identified claims payment errors and initiated recovery efforts</li> </ul>
CY 2007 Performance versus Government Accounting Standards Board Other Post-Employment Benefits Liability Valuation	<ul style="list-style-type: none"> <li>• The original retiree medical liability estimates were reduced based on the Program’s experience</li> </ul>
Performance Guarantee Implementation	<ul style="list-style-type: none"> <li>• Centralized tracking of vendor performance guarantees and overall vendor management</li> <li>• Identified \$60,125 in penalties, gathered information for tracking purposes, and created a total of \$2.6M in vendor responsibility at risk</li> </ul>
Establishment of New Hampshire Purchasers Group on Health (NHPGH)	<ul style="list-style-type: none"> <li>• Working collaboratively with the University System of NH, NH Local Government Center and NH School Health Care Coalition (total covered lives = 120k+) to impact healthcare quality, efficiency and effectiveness</li> <li>• Maine Health Information Center was hired to conduct analytic activities in order to isolate cost drivers and identify NH benchmarks</li> <li>• NHPGH is developing a cost and quality scorecard of NH hospitals</li> </ul>
Vendor Management	<ul style="list-style-type: none"> <li>• Centralized vendor monitoring function, improving oversight and vendor compliance with contract and performance guarantees</li> <li>• Instituted quarterly meetings to enable vendors to report on their performance</li> <li>• The State initiated process and functionality enhancements that have become incorporated into the Choicelinx business model</li> </ul>



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### III. Program Finances and Fiscal Information

#### FY 2008 PROGRAM FINANCES At a Glance (Unaudited)

##### Aggregate

	Medical and Rx	Dental
Total Revenue	\$210,830,840	\$12,313,216
Total Expenditures	\$222,766,484	\$11,331,224
<b>Combined Revenue Over/(Under)</b>	<b>(\$11,935,644)</b>	<b>\$981,992</b>
<b>Cumulative Cash Fund Balance Over/(Under)</b>	<b>\$44,953,919</b>	<b>\$981,992</b>

##### Components of Fund Balance

	Medical and Rx
IBNR Reserve ( <i>equals 1 month of claims</i> )	\$15,600,000
Statutory Reserve <sup>1</sup>	\$16,800,000
Fund Surplus	\$12,553,919
<b>Cumulative Cash Fund Balance Over/(Under)</b>	<b>\$44,953,919</b>

- At the beginning of FY08, the Program had a fund balance of approximately \$56.9M. During the 3<sup>rd</sup> quarter of the year, \$23.8M was credited to the agencies as a rate holiday. Despite the rate holiday, the fund accumulated an additional \$12M in surplus through the end of FY08. This surplus is largely the result of the impact of calendar year-set rates in a fiscal year, and better than expected claims experience.

<sup>1</sup> See Note 7, Notes to Financial Highlights.

### III. Program Finances and Fiscal Information *continued*



#### 2004 – 2008 MEDICAL AND RX ACTIVITY All Benefit Plans (Unaudited)

Summary Detail	FY 2008	FY 2007	FY 2006	FY 2005
<b>Total Combined Revenue</b>	<b>\$210,830,840</b>	<b>\$220,421,433</b>	<b>\$211,123,248</b>	<b>\$192,840,766</b>
<b>Expenditures:</b>				
• Paid Medical Claims	\$155,707,498	\$139,590,408	\$142,322,967	\$170,257,219
• Medical Administration Processing Fees	8,099,734	7,310,292	7,354,314	7,574,421
• Enrollment Services	391,624	363,487	362,608	362,381
• Exercise Incentive	602,969	881,958	742,026	566,087
• Consulting Services	241,882	310,844	281,687	498,478
• Pharmacy Claims	57,445,998	54,537,740	38,748,033	—
• Pharmacy Administration Processing Fees	120,785	295,264	107,564	—
• Other Plan Expenditures <sup>1</sup>	155,994	79,880	14,174	—
<b>Total Combined Expenditures</b>	<b>\$222,766,484</b>	<b>\$203,369,874</b>	<b>\$189,933,373</b>	<b>\$179,258,586</b>
<b>Combined Revenue Over/(Under)</b>	<b>(\$11,935,644)</b>	<b>\$17,051,560</b>	<b>\$21,189,875</b>	<b>\$13,582,180</b>
<b>Prior-Period Adjustment<sup>2</sup></b>	—	—	<b>\$1,828,725</b>	—
<b>Cumulative Cash Fund Balance Over/(Under)</b>	<b>\$44,953,919</b>	<b>\$56,889,563</b>	<b>\$39,838,003</b>	<b>\$16,819,403</b>

**NOTE:** Figures exclude Dental plan data, the Dental plan was fully insured up through December 2007 before it became a self-insured program.

Source: NHIFS

<sup>1</sup> Includes the following for each year: FY 2006 (Printing, file transfer, and mailing expenses); FY 2007 (Employee flu clinic); FY 2008 (Employee flu clinic, Maine Health Information Center contract fees, and approximately \$75,000 in misallocated Consulting)

<sup>2</sup> See Note 2, Notes to Financial Highlights

### III. Program Finances and Fiscal Information *continued*



#### ACTIVE EMPLOYEE PLANS (Unaudited)

Actives	FY 2008	FY 2007	FY 2006	FY 2005
Agency	\$134,659,361	\$144,798,787	\$145,103,903	\$133,040,185
COBRA	615,226	620,118	629,315	830,405
Special	1,053,999	1,007,124	1,091,315	973,576
Legislators	558,766	510,493	503,809	439,789
One-time Credit	—	—	2,793	280,000
Employee Contribution	6,989,864	202,918	248,775	—
RX Rebate	2,681,416	1,253,723	—	—
Interest Earned	1,204,613	\$0	—	—
<b>Total Active Revenue</b>	<b>\$147,763,245</b>	<b>\$148,393,162</b>	<b>\$147,579,910</b>	<b>\$135,563,955</b>
Medical Claims	\$117,834,609	\$106,969,956	\$105,489,019	\$121,774,791
Medical Administration	4,527,766	4,174,176	4,251,502	4,559,343
Enrollment Services	222,325	282,166	357,684	362,381
Exercise Incentive	588,937	864,319	729,990	566,087
Consulting Services	149,517	173,922	168,985	291,357
Pharmacy Claims	29,909,558	29,232,147	20,410,645	—
Pharmacy Administration	45,741	92,649	63,454	—
Other Plan Expenditures	88,636	79,880	8,403	—
<b>Total Active Expenditures</b>	<b>\$153,367,089</b>	<b>\$141,869,215</b>	<b>\$131,479,683</b>	<b>\$127,553,959</b>

**NOTE:** Figures exclude Dental plan data, the Dental plan was fully insured up through December 2007 before it became a self-insured program.  
Source: NHIFS



### III. Program Finances and Fiscal Information *continued*

#### RETIREE PLANS (Unaudited)

Retirees	FY 2008	FY 2007	FY 2006	FY 2005
Special Retired	—	\$38,666	\$28,003	\$24,498
Agency – DAS	\$41,077,466	50,093,172	45,506,294	42,867,084
NHRS Subsidy	15,363,026	14,867,154	14,185,005	13,522,645
Retiree Contributions	182,418	195,430	187,405	—
Legislators	125,978	150,966	154,377	184,151
Judges	434,750	508,095	483,797	458,434
One-time Credit	—	—	—	220,000
Medicare Part D Subsidy	—	1,473,258	—	—
RX Rebate	1,591,644	1,115,741	—	—
Interest Earned	662,219	—	—	—
<b>Total Retiree Revenue</b>	<b>\$59,437,501</b>	<b>\$68,442,483</b>	<b>\$60,544,880</b>	<b>\$52,276,810</b>
Medical Claims	\$35,576,375	\$30,126,361	\$35,332,890	\$48,482,428
Medical Administration	3,474,039	3,033,769	3,025,046	3,015,078
Enrollment Services	164,208	75,160	—	—
Consulting Services	88,947	126,406	110,852	207,121
Pharmacy Claims	27,242,685	25,010,801	18,152,706	—
Pharmacy Administration	74,572	201,475	43,249	—
Other Plan Expenditures	65,306	6,250	5,771	—
<b>Total Retiree Expenditures</b>	<b>\$66,686,132</b>	<b>\$58,580,222</b>	<b>\$56,670,513</b>	<b>\$51,704,627</b>

**NOTE:** Figures exclude Dental plan data, the Dental plan was fully insured up through December 2007 before it became a self-insured program.  
Source: NHIFS



### III. Program Finances and Fiscal Information *continued*

#### TROOPER PLANS (Unaudited)

Trooper	FY 2008	FY 2007	FY 2006	FY 2005*
Agency	\$3,439,449	\$3,567,386	\$2,996,708	—
Trooper Contributions	12,380	8,914	1,750	—
RX Rebate	61,456	9,448	—	—
Interest Earned	116,809	—	—	—
<b>Total Trooper Revenue</b>	<b>\$3,630,094</b>	<b>\$3,585,788</b>	<b>\$2,998,458</b>	
Medical Claims	\$2,296,514	\$2,494,091	\$1,501,059	—
Medical Administration	97,929	102,347	77,766	—
Enrollment Services	5,091	6,162	4,924	—
Exercise Incentive	14,032	17,639	12,036	—
Consulting Services	3,418	4,266	1,850	—
Pharmacy Claims	293,755	294,792	184,682	—
Pharmacy Administration	472	1,141	861	—
Other Plan Expenditures	2,052	—	—	—
<b>Total Trooper Expenditures</b>	<b>\$2,713,263</b>	<b>\$2,920,437</b>	<b>\$1,783,178</b>	

\* Trooper Health Plan figures included in actives during FY 2005.

**NOTE:** Figures exclude Dental plan data, the Dental plan was fully insured up through December 2007 before it became a self-insured program.

Source: NHIFS

### III. Program Finances and Fiscal Information *continued*



#### 2008 DENTAL ACTIVITY (Unaudited)

Dental	FY 2008
Actives	\$11,649,473
Part-Time Employee Contributions	11,187
Special	50,677
COBRA	64,262
Legislators	49,760
Interest Earned/Surplus	487,857
<b>Total Dental Revenue</b>	<b>\$12,313,216</b>
Premiums Paid – All	\$4,837,782
Dental Claims – Actives	5,938,943
Dental Claims – COBRA	77,902
Dental Claims – Specials	44,089
Dental Claims – Legislators	65,930
Dental Administrative – Actives	355,435
Dental Administrative – COBRA	4,742
Dental Administrative – Specials	2,812
Dental Administrative – Legislators	3,589
<b>Total Dental Expenditures</b>	<b>\$11,331,224</b>
<b>Combined Revenue Over/(Under)</b>	<b>\$981,992</b>

**NOTE:** The Dental plan was fully insured up through December 2007 before it became a self-insured program.  
Source: NHIFS

# III. Program Finances and Fiscal Information *continued*



## NOTES TO FINANCIAL HIGHLIGHTS

### 1. Accounting Practices and Presentation

In October 2003 the Employee Benefit Risk Management Fund was established by the Department to account for the financial activity of the State of New Hampshire Employee and Retiree Health Benefit Program. The Fund supports the expenses of the Program, including administrative costs, payments for medical and pharmacy services provided to eligible employees, retirees, and their dependents; administrative costs, including enrollment services, as well as ancillary benefits such as health club membership, exercise equipment and health education classes. The Department contracts with administrators, who receive, accumulate and process the claims for the various healthcare services, and are thereafter reimbursed.

Fund revenues include agency contributions for their active employees and retirees as well as retired judges, and constitutional officers. The statutory medical subsidy of the New Hampshire Retirement System and the federal Medicare Part D subsidy also contribute revenue to the fund. (Beginning, July 1, 2007, the latter payments were deposited into the State's general fund.) Certain non-governmental and quasi-governmental employers, such as the State Employees Association, and the Pease Development Authority, respectively, also participate in the Program and contribute to the Fund, as do legislators. Rebates from prescription drugs are paid on a quarterly basis into the Fund, and are allocated on a per capita basis to the respective benefit plan. Finally, former employees who are eligible to participate under the federal COBRA law contribute monthly payments as revenue to the Fund.

In the FY 2008 and 2009 state operating budget, active employee benefit costs are budgeted in the State's various Class 060 benefits accounts based upon an overall percentage of payroll. This was 48.3% by annum. The Program charges agency benefits accounts on the bi-weekly pay schedules at a contribution rate (i.e. based on the plan working rates) intended to cover all of the costs associated with the Program.

For FY 2008, total revenue into the fund and expenses paid from it were \$210.8 million and \$222.8 million, respectively. Expenses exceeded revenues by approximately \$12 million and the total cumulative fund balance as of June 30, 2008 was \$45 million. Revenue collected was less than expenses due to the working rate holiday implemented to spend down the FYE 2007 cumulative fund balance of \$23.8 million.

The annual activity has been reported under a cash basis without consideration for reserves, payables, or receivables. An accrual basis of the activity is reported under the State of New Hampshire Comprehensive Annual Financial Report for FYE June 30, 2008.

### 2. Prior-Period Adjustment

A prior-period adjustment in the Program's cumulative cash fund balance for FY06 was deemed necessary due to year-end closing entries ("13-month") that were not originally booked. The adjustment comprises approximately \$1M in Medicare Part D subsidy payments and approximately \$700,000 in prescription drug rebates attributable to FY06. The total amount of the one-time adjustment resulted in an overall \$1.8M increase in the fund balance, which is carried forward into the FYE 2008 fund balance.

### 3. One-Time Credit

In 2005, the NH Attorney General's office determined that the Program Fund was entitled a credit from the health program's then current medical and pharmacy administrator in the amount of \$500,000. The one-time credit, which related to prescription drug rebates, was received and allocated to the Fund plans proportionally by enrollees.

### 4. Exercise Incentive

The reduction in this FY 2008 expenditure is the result of greater enforcement by the current medical administrator of the minimum health club visit rules associated with this benefit.

# III. Program Finances and Fiscal Information *continued*



## 5. Interest Earned

Per RSA 21-1:30-e IV, at the end of each fiscal year, the state treasurer shall credit the fund with interest and any other income earned. The Fund started earning interest effective July 1, 2007 and accumulated earnings in the amount of \$1,983,641 by the end of the FY 2008. The interest earnings were allocated proportionally to the plans based on their balances.

## 6. Employee Contributions

Employee contributions vary depending on the group plan. Contributions were negotiated in collective bargaining agreements for the SEA and Troopers. Retirees contributions reflect dependent coverage.

Effective July 1, 2007, the SEA collective bargaining agreement requires employees to contribute \$25 per pay period through January 2009, when this amount will increase to \$30 per pay period.

Under the Troopers agreement, employees hired after September 1, 2005 are required to contribute only on multi-person plans. The contribution is limited to 10% of the difference between the cost of a single plan and the selected multi-person plan.

## 7. Medicare Part D Subsidy

The Medicare Part D subsidy was originally allocated between the Health Program Fund and the general fund. However, effective July 1, 2007, all Medicare Part D payments received from the Retiree Drug Subsidy Program were deposited into the general fund as unrestricted revenue. A proposed change that would allocate all subsidy payments to the Health Program Fund is contained in the Agency Phase of FY 2010/2011 State operating budget.

## 8. Stop-Loss Insurance

The Department maintains stop loss insurance protection for the State. Specific stop-loss insurance coverage protects the State when medical claims exceed \$500,000 for an individual during a contract year.

## 9. Claim Reserves

RSA 21-1:30-b requires the establishment of a claims reserve for the self-funded health benefits. Under the law, the reserve must be at least equal to the sum of one month of healthcare claims and an amount to pay the actuarially determined IBNR (incurred but not reported) liability. For FY 2008, the amount estimated as necessary to pay healthcare claims and administrative costs for one month was approximately \$16.8 million. The actual average amount paid was \$18.4 million per month. The IBNR liability, as calculated by the Department's actuarial consultant, was \$15.6 million. The Fund continuously satisfied these reserve requirements, and the cash surplus in excess of these statutorily required reserve amounts increased from \$23.8 million as of July 1, 2007 to \$12.6 million as of June 30, 2008.

## 10. Subsequent Events

In January 2008, the department ceased purchasing aggregate stop-loss coverage continuing only specific stop-loss. Beginning July 1, 2008, the Program became subject to the State insurance high risk pool and vaccine program assessments on a per enrollee basis. The effect of the assessment legislation (Ch. 375, Laws of 2008) will be reported in the FY09 annual report.

## 11. Medical Administration Processing Fees

The increase in this FY 2008 expenditure reflects the higher fees of the current medical administrator, effective January 1, 2008, over those charged by the administrator in the prior fiscal years.

## 12. Enrollment Services

The FY 2008 expenditure amount reflects a monthly payment of \$30,000, attributable to FY 2009, as a result of timing of the payment.

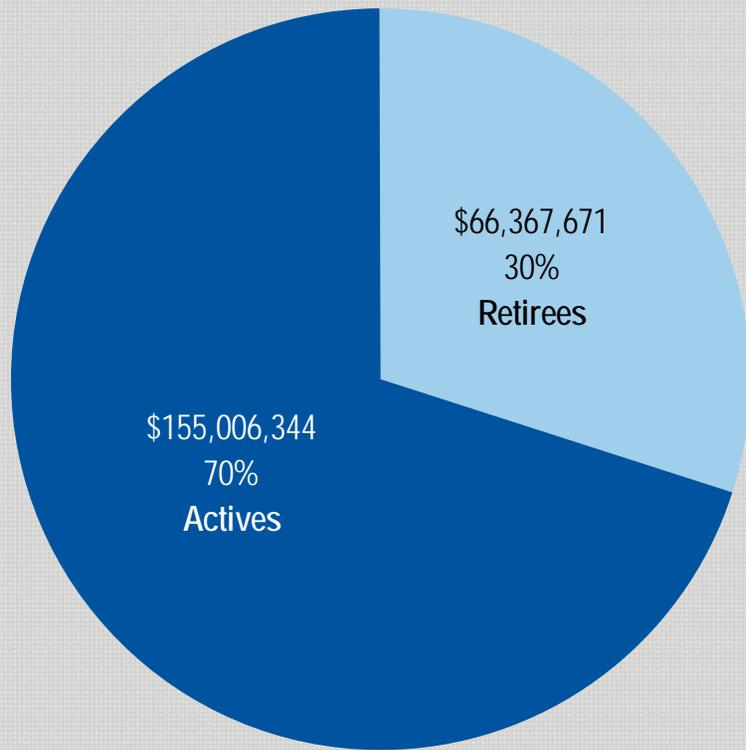
## 13. Prescription Drug Carve-out

As of September 1, 2005, prescription drug coverage has been provided under a separate administrative contract. Prescription claims are thereafter reported separately from medical claims.

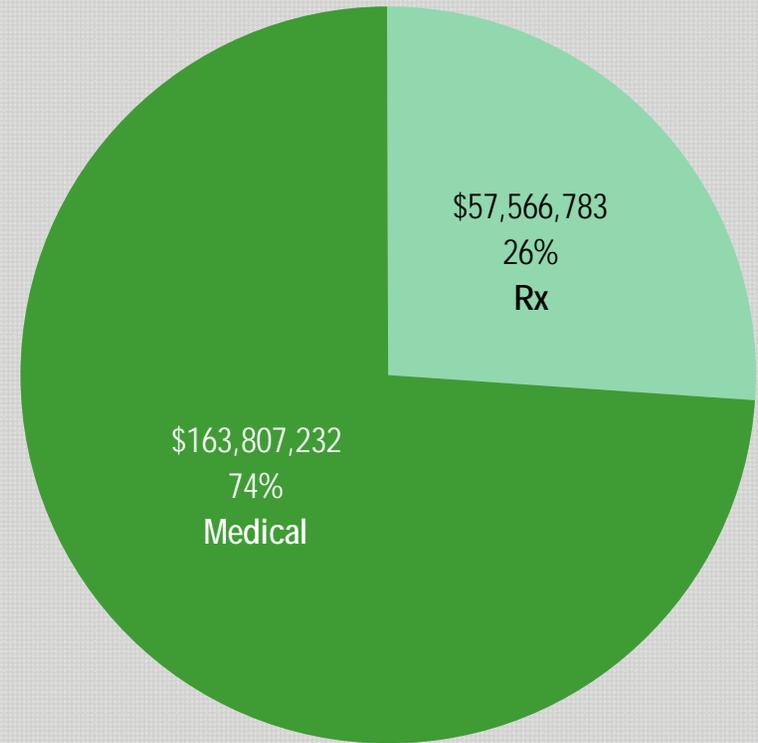


### III. Program Finances and Fiscal Information *continued*

**MEDICAL AND PRESCRIPTION EXPENSES:  
EMPLOYEES VERSUS RETIREES  
FY 2008**



**TOTAL MEDICAL VERSUS  
PRESCRIPTION DRUG EXPENDITURES  
FY 2008**



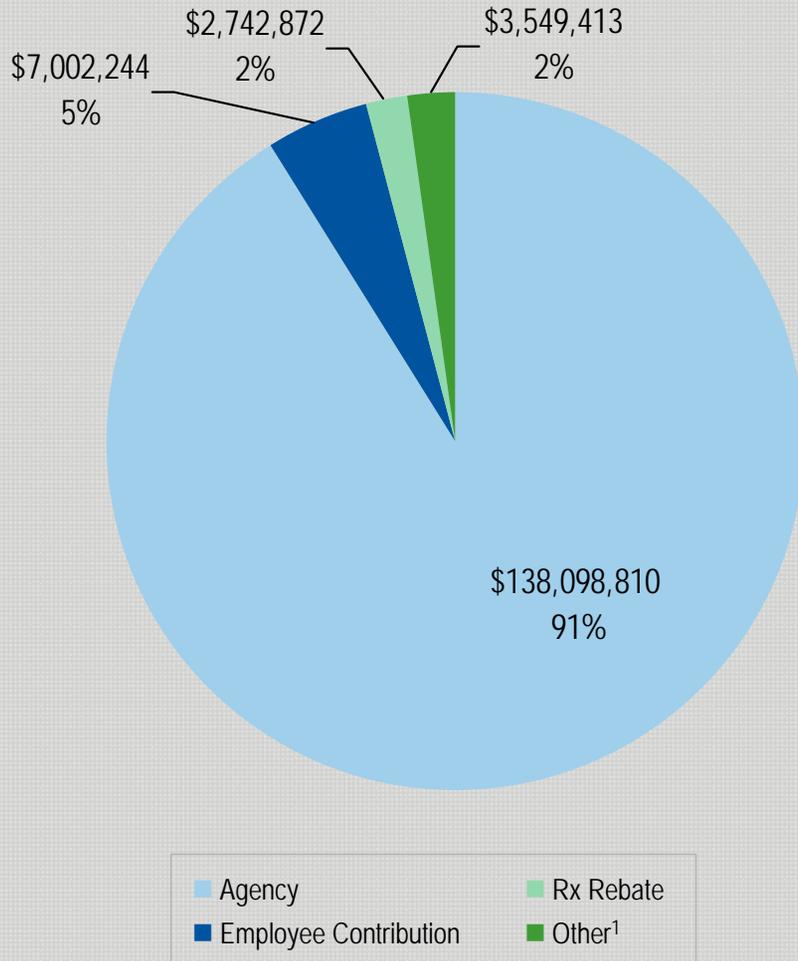
**AVERAGE ENROLLMENT  
FY 2008**

Actives: 12,146  
Retirees: 9,122

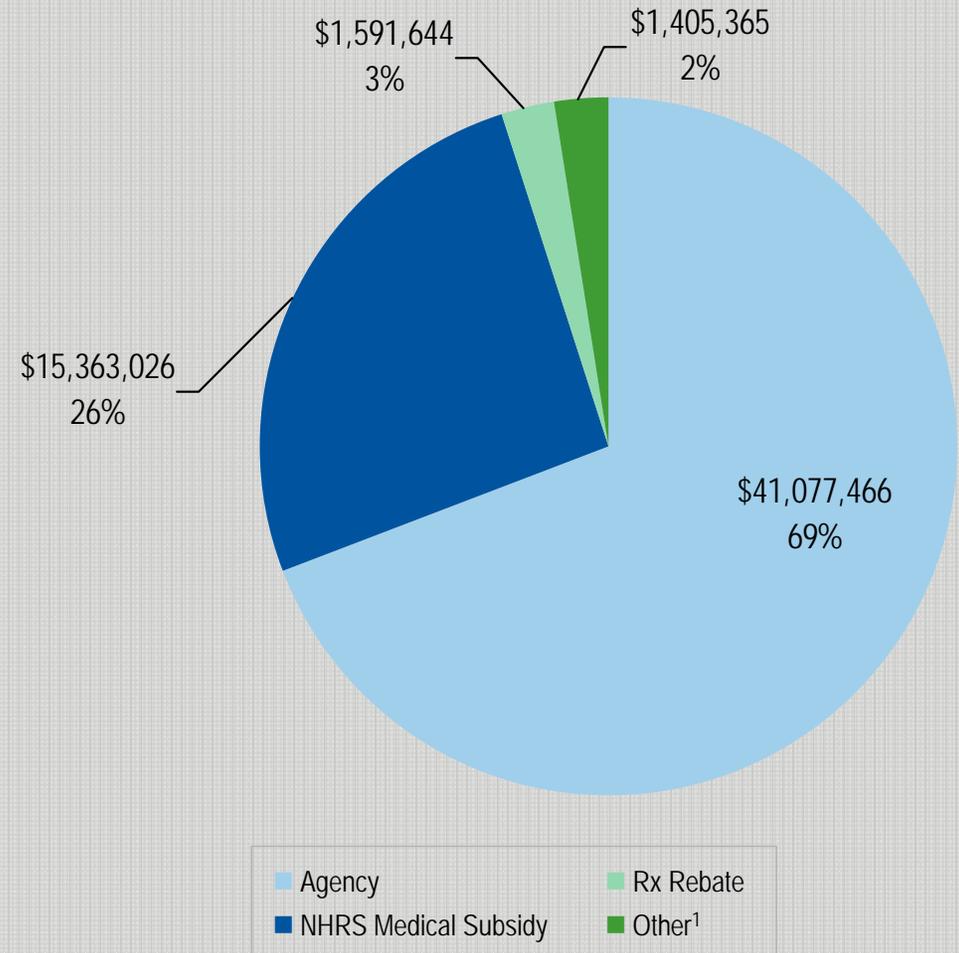


### III. Program Finances and Fiscal Information *continued*

#### EMPLOYEE PLAN FUNDING SOURCES



#### RETIREE PLAN FUNDING SOURCES



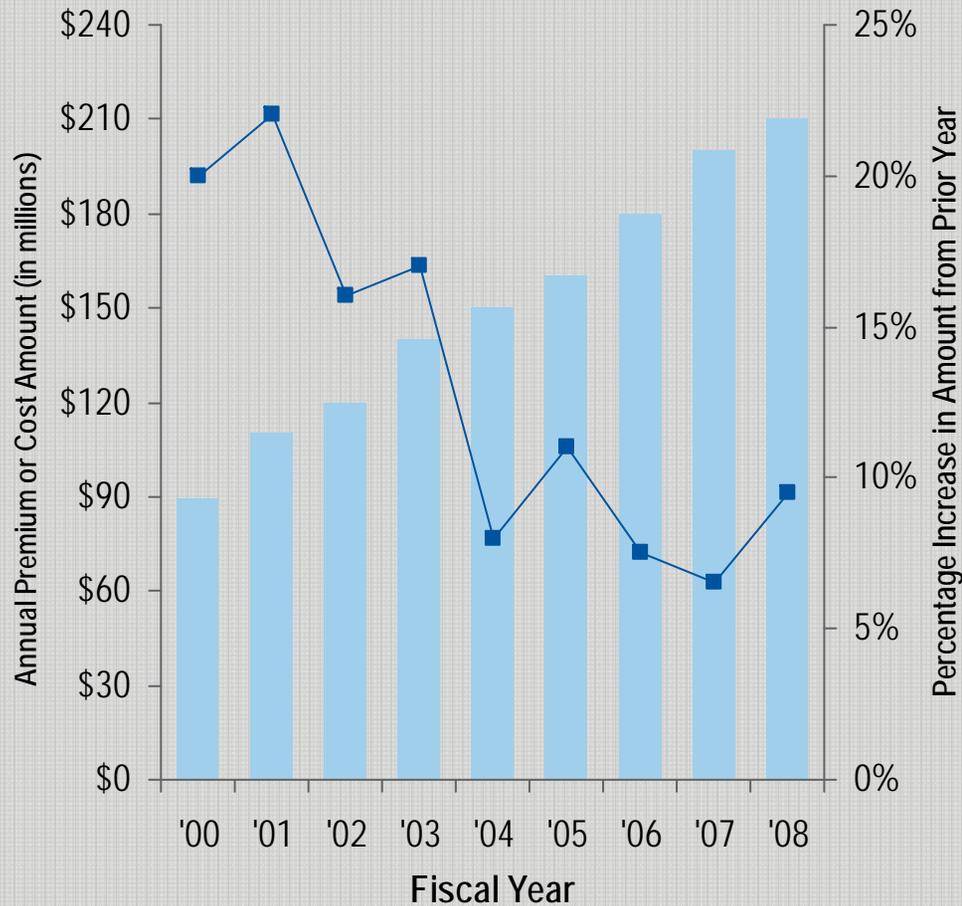
<sup>1</sup> Other:

- **Employee:** COBRA, specials, legislators, interest earned
- **Retiree:** retiree dependent contribution, legislators, judges, interest earned

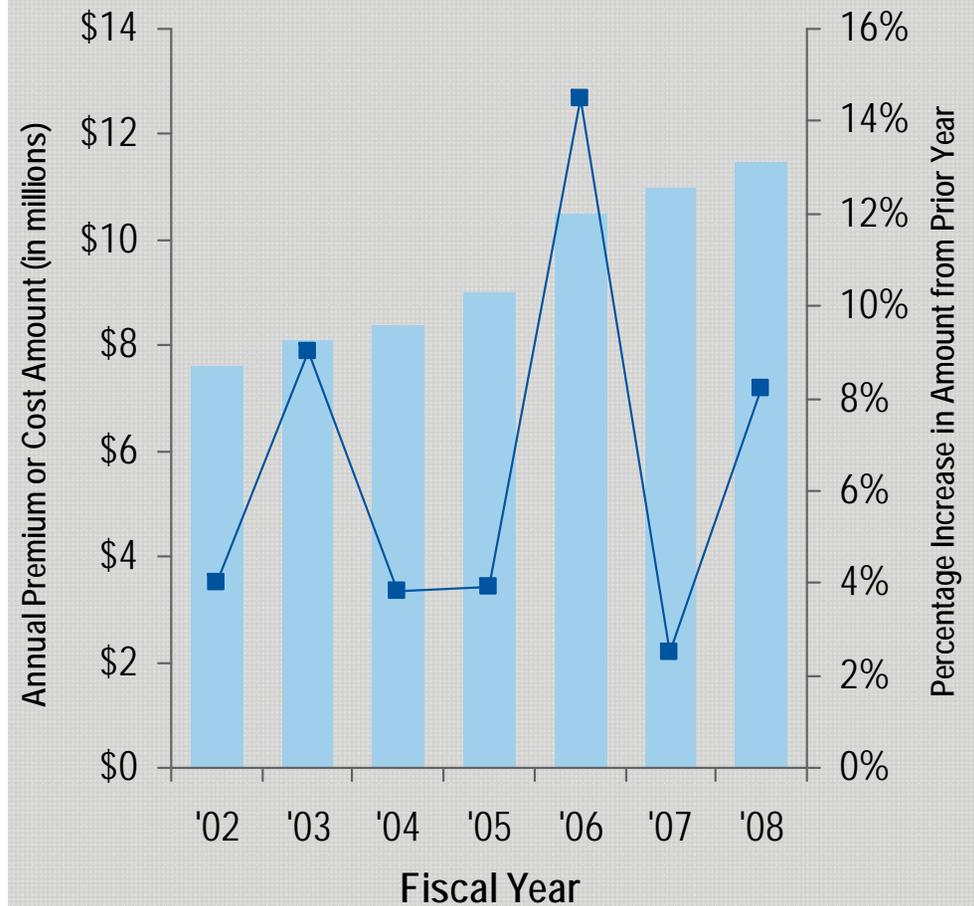


### III. Program Finances and Fiscal Information *continued*

**HEALTH INSURANCE PREMIUMS AND CLAIMS AND ADMINISTRATION COSTS  
EMPLOYEES AND RETIREES (2000-2008)**



**DENTAL INSURANCE PREMIUMS AND CLAIMS AND ADMINISTRATION COSTS  
EMPLOYEES (2002-2008)**



2000 – 2003 Represents insurance premiums paid to carriers

2004 – 2008 Represents claims and administrative costs paid to administrators under self-funded program

NOTE: The bars represent the total annual amounts for employee and retiree health coverage, based upon agency expenditures. The bullets represent the percentage increase in amount from the prior year.

### III. Program Finances and Fiscal Information *continued*



#### ESTIMATED SAVINGS SINCE INCEPTION OF SELF-FUNDED PROGRAM

Source of Savings	Time Period	Estimated Savings
Change to a Self-Funded Arrangement	FY 2004	\$ 1,500,000
Experience (Rate Holiday)	FY 2004 – FY 2007	23,800,000
Results of 2005 Procurement	FY 2006 – FY 2007	7,900,000
Results of 2007 Procurement	FY 2008 – CY 2010	47,100,000
<b>Total Estimated Savings</b>		<b>\$80,300,000</b>

#### Estimated Savings Notes:

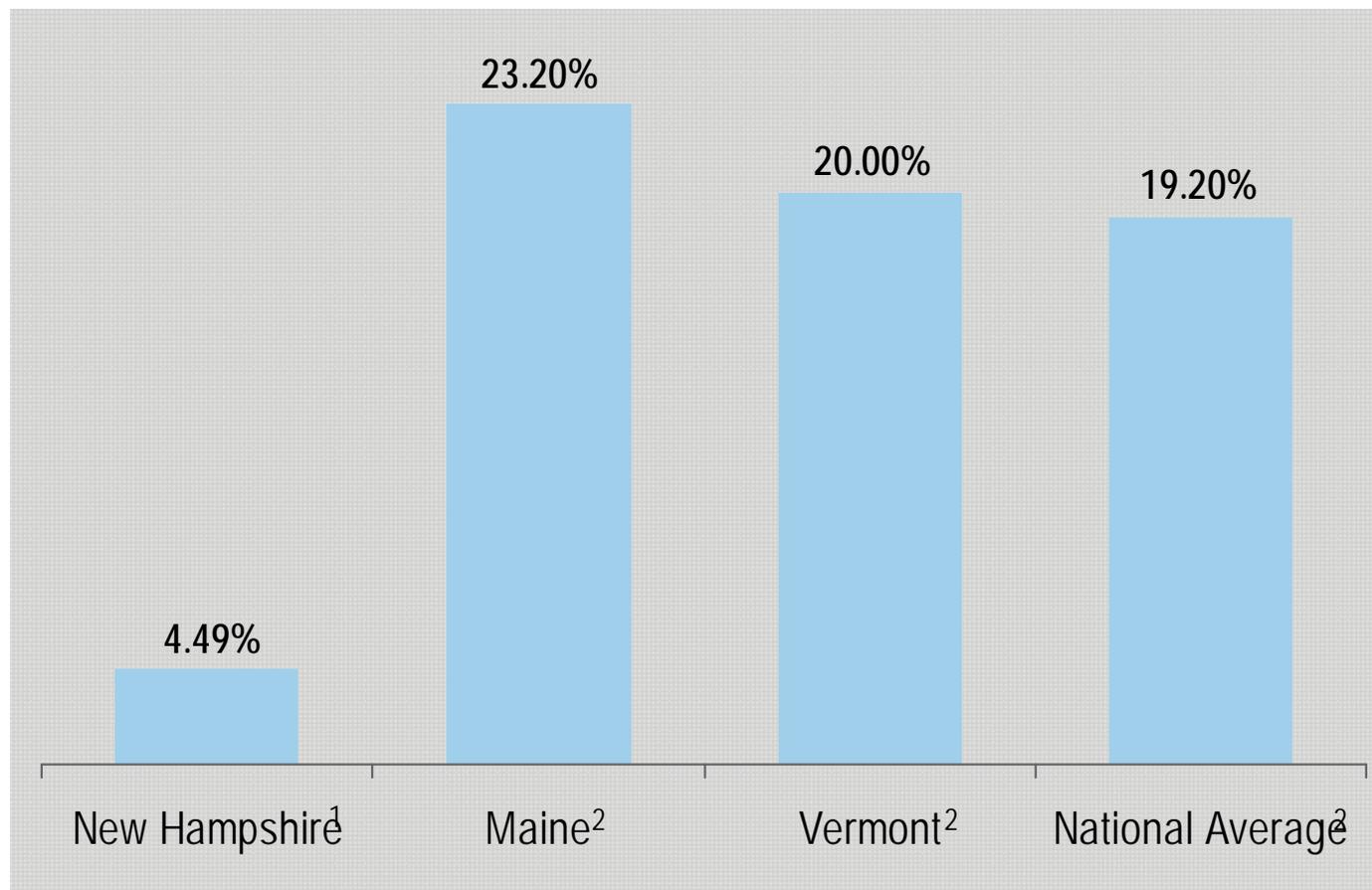
1. Self-funded savings based on the Anthem BCBS September 2003 premium rates trended forward using industry trend rates and the State's actual paid claims experience with CIGNA.
2. Experience savings reflects the working rate holiday resulting from the State's favorable claims experience in comparison to industry trend rates.
3. Procurement savings based on the analysis of submitted proposals.
  - a) 2005 Procurement reflects \$7.9 million in estimated savings (over the 2-year contract period) resulting from more competitive pricing terms achieved by carving-out the prescription drug benefit.
  - b) 2007 Procurement reflects \$13.2 million in estimated savings resulting from enhanced prescription drug pricing terms offered by LGC/Caremark over the 30-month contract period. In addition, the State is expecting to save approximately \$33.8 million (over the 3-year contract) with Anthem from what it would have likely paid under the prior contract.

### III. Program Finances and Fiscal Information *continued*



#### STATE EMPLOYEE CONTRIBUTIONS FOR HEALTH BENEFITS

- Figures reflect employee contributions as a percent of total cost/premium for health benefits in each state.
- New Hampshire's state employee contribution premium cost-share percentage is lower than Maine and Vermont, as well as the National Average.



<sup>1</sup> State of New Hampshire FY '08.

<sup>2</sup> Source: National Conference of State Legislatures, 2006.

### III. Program Finances and Fiscal Information *continued*



#### RATE HOLIDAY DETAILS

Participant	Plan Surplus	Affected pay/time Periods
Active/Trooper HMO plan	\$11,316,565	2 Pay Periods
Active/Trooper POS plan	\$2,818,743	2+ Pay Periods
Under-65 Retiree plan	\$4,731,727	2+ Months
Over-65 Retiree plan	\$4,925,055	2+ Months
Special Agencies (Pease Development Authority, Community Development Finance Authority, Business Development Authority, Land and Community Heritage Investment Program, State Employees Association)	Agency bills reflected holiday for employees and retirees in each of the four plans, noted above	
Legislators	Legislators' invoices reflected holiday assigned to applicable plan	
Part-time employees, "new hire" Troopers with multiple person coverage, part-time judges	All part-time and Trooper contributions were subject to applicable plan holiday, but employee \$25PPP was deducted	
Domestic partner coverage	Imputed wages were unaffected by working rate holiday	
New Hampshire Retirement System medical subsidy	This statutorily payable amount was collected	
Retiree dependents	These payments, which are deducted by NHRS from pension accounts, was collected	

# III. Program Finances and Fiscal Information continued



## SUMMARY OF OPEB VALUATION UNDER GASB 45

<b>Actuarial Accrued Liability (AAL) as of January 1, 2007</b>	
Gross Liability	\$2,683,254,668
Offset from NHRS subsidy	\$123,777,248
<b>Net Liability</b>	<b>\$2,559,477,420</b>

<b>Annual Required Contribution for FYE June 30, 2008</b>	
Normal cost	\$116,857,303
Amortization of unfunded actuarial accrued liability (UAAL)	\$90,285,019
<b>Total Annual Required Contribution (ARC)</b>	<b>\$207,142,322</b>

<b>Benefit Payments for FYE June 30, 2008</b>	<b>\$51,323,106</b>
---	---------------------

- Based on update with more recent plan experience and incorporating savings from vendor changes, original liability calculation of \$2.8 billion was revised to numbers shown above.
- If the State were to pre-fund OPEB benefits and use an 8.5% interest rate, net AAL would be \$1.3 billion and ARC would be \$125 million.
- New valuation to be completed by December 2008.

### NOTES:

1. Liabilities calculated using a 4.5% interest rate (assumes no pre-funding of obligations).
2. Liabilities calculated using the Projected Unit Credit actuarial cost method.
3. Amortization of unfunded liability occurs over 30 years, with payments increasing at 4.5% per year.
4. Normal cost and amortization payment adjusted for timing, assuming payment in the middle of the year.
5. Benefit Payments for FYE June 30, 2008 are net of NHRS subsidy.



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## IV. Program Challenges

- Self-Funding presents opportunities and challenges. By retaining the risk of benefit claims costs, the State has the opportunity to direct claims administrators in ways not possible under a fully-insured arrangement.
- For example, the Department has greater flexibility to design and finance a plan that correlates closely with its human resources and benefits strategies. There is greater ease in balancing fiscal concerns while advocating employee needs. The Department has also been presented with the challenge of managing the added administrative responsibilities and the more active financial management of the plans. These responsibilities included day to day plan management, provider and vendor procurements, Program monitoring, plan design, fiscal management (including retiree GASB OPEB liabilities), and positioning the Program for sustainability in the future.

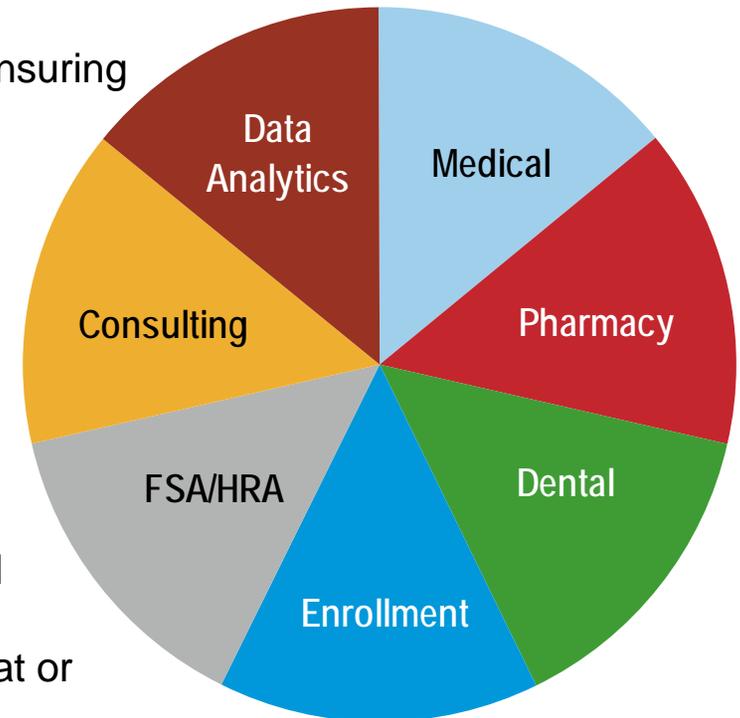


## IV. Program Challenges *continued*

### VENDOR MANAGEMENT

**A Highly effective self-funded benefits program requires strong vendor management:**

- Department staff hold vendors accountable by enforcing performance guarantees and managing day-to-day operations
- Taking an identified issue, determining downstream impact, and ensuring that all vendors take consistent action to resolve the problems
- Requesting and evaluating root cause analysis
- Ensuring vendors put procedures or policies in place to prevent repeat issues
- Reviewing and approving project plans for vendors—including those for process or system enhancements
- Ensuring enrollee access to care for dental, medical, pharmacy and all other benefits
- Frequent meetings with vendors
- Investigating and resolving enrollee complaints about service level quality
- Ensuring vendors' operator response time and issue resolution is at or above level specified in performance guarantees
- Issue resolution frequently requires accessing multiple data sources—medical, pharmacy and dental claims and financial data are with three different vendors
- Ensuring overall high level of service is provided



- **7 Vendor Contracts**
- **36 Performance Guarantees**
- **\$3MM in Performance Guarantees**

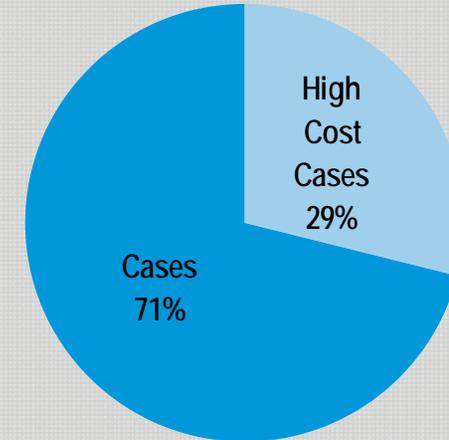


## IV. Program Challenges *continued*

### High Cost Cases

- High cost cases continue the historical trend of comprising a significant share of medical expenses, as illustrated in this graph of 2007 data. \$58.7M out of \$201.7M in medical expense were attributed to approximately 320 enrollees who had claims exceeding \$50,000.

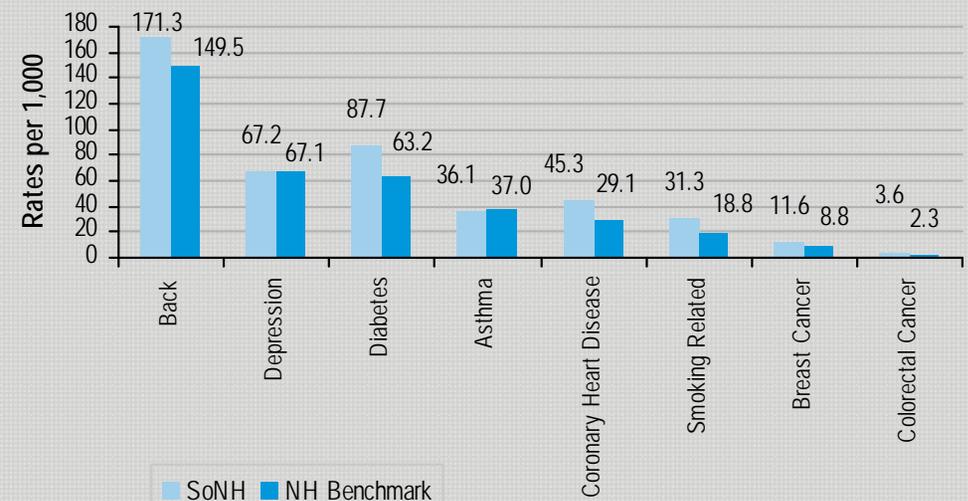
PERCENTAGE OF MEDICAL COSTS ATTRIBUTED TO HIGH COST CASES 2007



### Chronic Disease and Wellness Opportunities

- The Program's population of enrollees with chronic conditions points to a need for aggressive care management, especially as compared to the NH Benchmark from the Maine Health Information Center analysis. This also illustrates a great opportunity to engage enrollees in meaningful wellness activities and reduce the number of enrollees joining these groups. The NH Benchmark is a combination of the Program and other large NH public sector employers.

CHRONIC DISEASE PREVALENCE SONH VS. NEW HAMPSHIRE BENCHMARK



Source: Maine Health Information Center analysis of 2005 – 2007 data



## IV. Program Challenges *continued*

Activity	Other Challenges	Complexity Required amount of resources and time to complete
<b>Fiscal Monitoring and Link to State Budget</b>	<ul style="list-style-type: none"> <li>For the first time, actuarial projections of the cost of health and dental benefits will be incorporated into the budget generation process.</li> </ul>	
<b>Procurement Processes</b>	<ul style="list-style-type: none"> <li>To achieve greater vendor accountability and financial results, the Program must develop procurement tools and procedures requiring a sophisticated synthesis of legal and technical objectives.</li> <li>The Program must employ a rigorous procurement process.</li> </ul>	
<b>10,000 Retirees</b>	<ul style="list-style-type: none"> <li>The NHRS enrollment data is not fully integrated into the Program and challenging data transfer issues exist.</li> <li>The retiree benefit designs require analysis and reform.</li> </ul>	
<b>Interface with Vendors</b>	<ul style="list-style-type: none"> <li>Managing the number and complexity of vendor contracts and performance guarantees is time intensive.</li> <li>The RMU is the point of contact for all vendor issues</li> <li>The Program currently lacks technological tools to streamline benefit administration functions</li> </ul>	
<b>Customer Services Aspects</b>	<ul style="list-style-type: none"> <li>The Program lacks centralized issue and customer call tracking</li> </ul>	
<b>Legal Compliance: Federal, State, HIPAA, Tax, Insurance, etc.</b>	<ul style="list-style-type: none"> <li>Various State and Federal health coverage laws apply to the Program</li> </ul>	
<b>Foster a Wellness-Oriented Employee Culture</b>	<ul style="list-style-type: none"> <li>Educating employees on the benefits of healthy lifestyle choices requires multiple points of engagement and communication.</li> </ul>	



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## V. Organizational Information

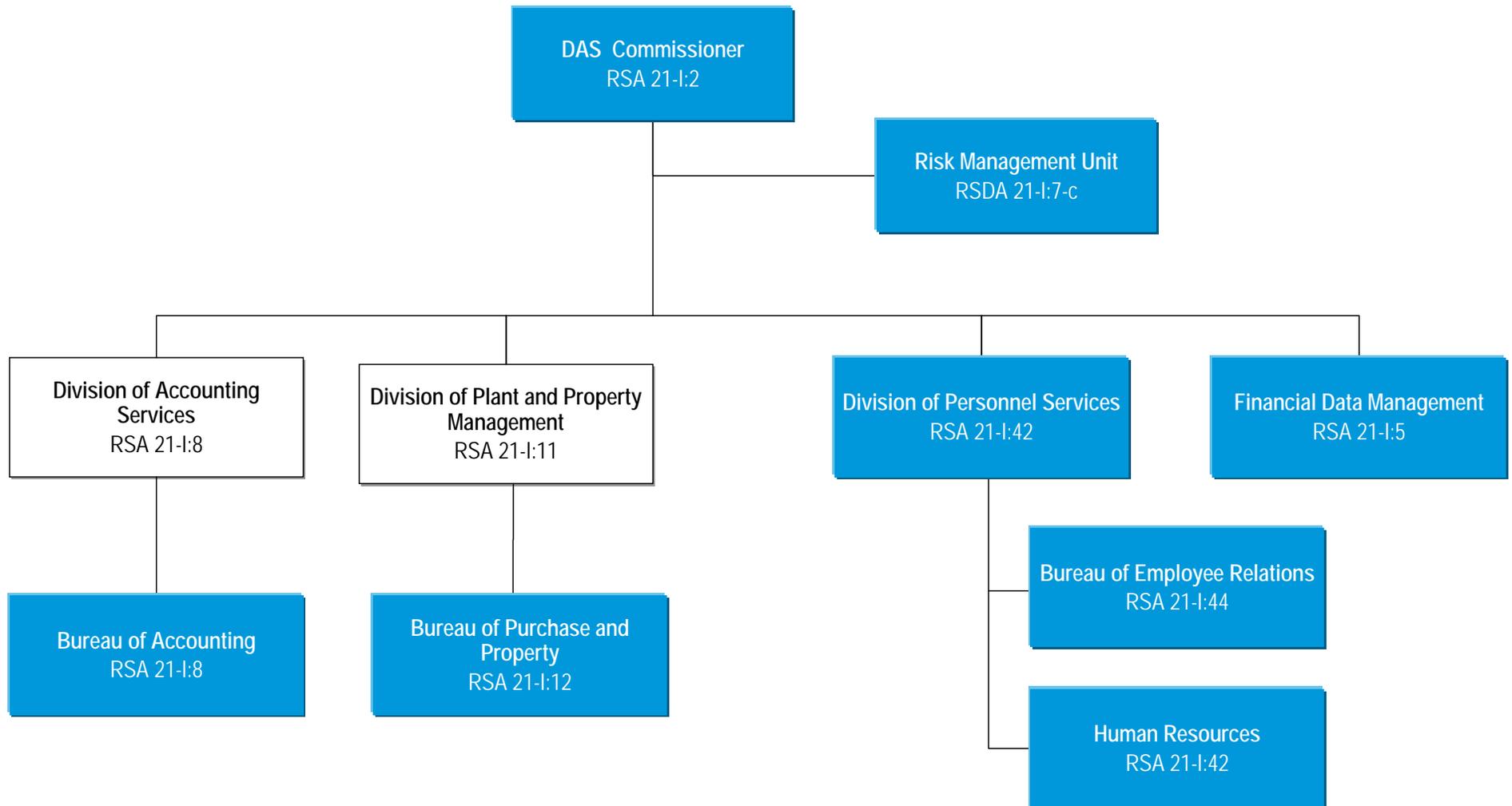


- The New Hampshire Department of Administrative Services' Self Funded Employee and Retiree Health Benefit Program involves various departmental units, individuals, and groups within the State of NH.
- Running the Self Funded Employee and Retiree Health Benefit Program successfully is a collaborative effort, and requires time and resources from each of the units. The following charts and tables provide information on the units, individuals, and groups involved.

# V. Organizational Information *continued*



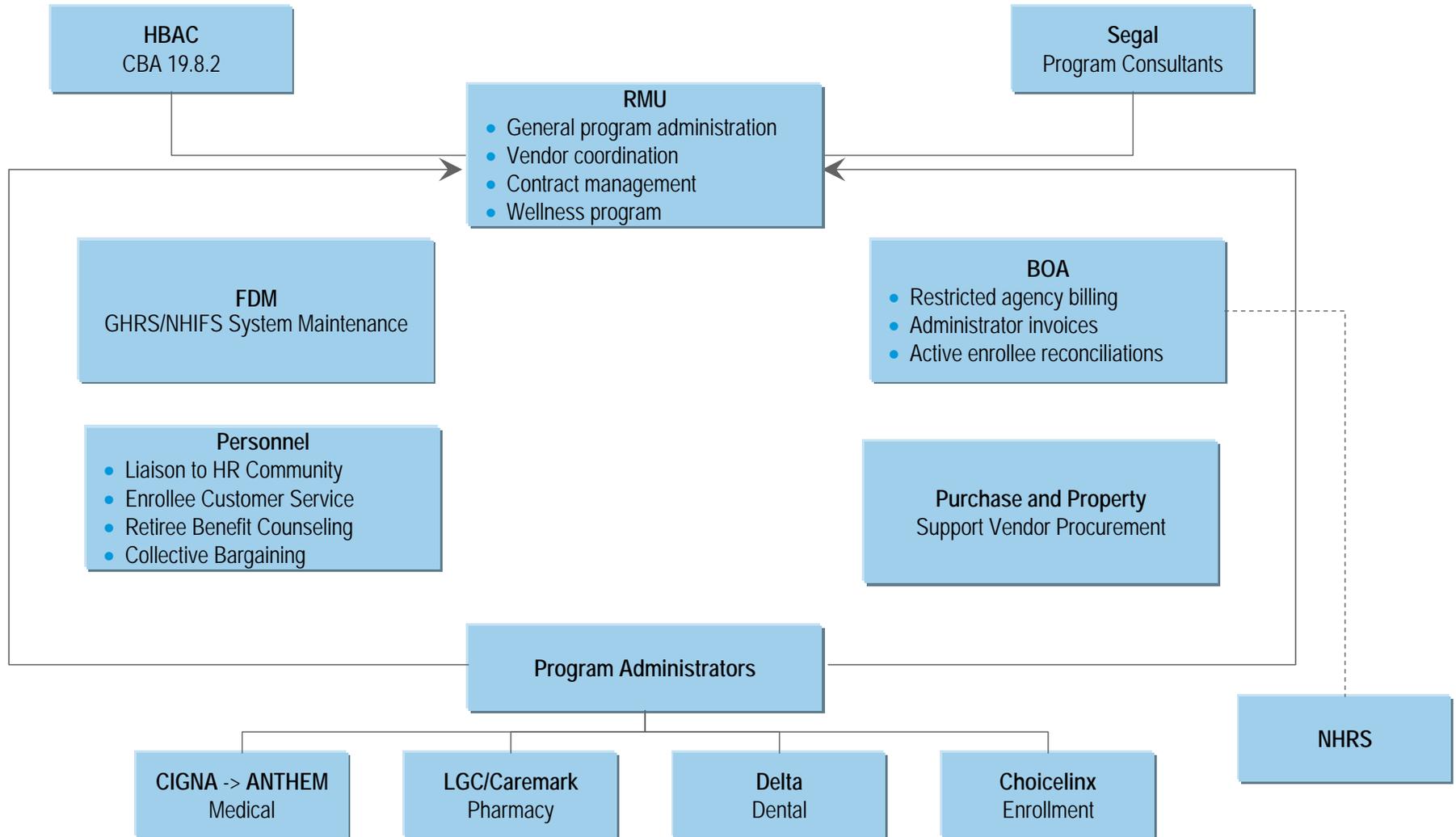
## DEPARTMENT OF ADMINISTRATIVE SERVICES





# V. Organizational Information *continued*

## AREAS OF FUNCTIONALITY



<b>HBAC</b>	Health Benefits Advisory Committee	<b>BOA</b>	Bureau of Accounting
<b>RMU</b>	Risk Management Unit	<b>NHRS</b>	New Hampshire Retirement System
<b>FDM</b>	Financial Data Management	<b>PP</b>	Purchase and Property



# V. Organizational Information *continued*

## Linda M. Hodgdon, Commissioner

Personnel	Health Benefits Advisory Committee		Wellness Coordinators <i>continued</i>
Karen Hutchins, <i>Director</i> Sara Willingham, <i>Deputy Director</i> Tom Manning, <i>Acting Manager of Employee Relations</i> Judy Shevlin, <i>Retiree Health Program Specialist</i> Tina Hussey, <i>Employee Health Program Specialist</i>	Linda Huard, <i>SEA</i> Dennis Kinnan, <i>SEA</i> Diana Lacey, <i>SEA</i> Jay Ward, <i>SEA</i>	Monica Cioffi, <i>SONH</i> Tom Manning, <i>SONH</i> Alex Feldvebel, <i>SONH</i> Mary Ann Cooney, <i>SONH</i>	Donna Lobdell, <i>Joint Board of Licensure &amp; Certification</i> Susan Reilly, <i>Judicial Council</i> Doreen Sheppard, <i>Justice, Dept of</i> Tina Farmer, <i>Labor, Dept of</i> Diane Bergquist, <i>Legislative Branch</i> Ellen Neilley, <i>Legislative Branch</i> Deborah Hayes, <i>Liquor Commission</i> Mary Colby, <i>Retirement System</i> Roseann Prescott, <i>Lottery Commission</i> Sandy Valtz, <i>Veterans Home</i> Mark Vernon, <i>Office Information Technology</i> John Clinch, <i>Pease Development Authority</i> Lieutenant Jill Moran, <i>Police Standards &amp; Training Council</i> Kim Keneally, <i>Postsecondary Education Commission</i> Pam Benton, <i>Public Utilities Commission</i> Kelly Logan, <i>Public Utilities Commission</i> Sheila Haines, <i>Real Estate Commission</i> Kathryn Hubley, <i>Regional Community Technical College</i> Leanne Lavoie, <i>Resources &amp; Economic Development</i> Patricia Gagne, <i>Safety, Dept of</i> Wanda Botticello, <i>Safety, Dept of</i> Nancy Normand, <i>Commission on the Status of Women</i> Joan Clinton, <i>Transportation, Dept of</i> Sylvia Yeaton, <i>Treasury</i> Jamie Tessier, <i>Veterans Council</i> Kim Crowley, <i>Fish and Game Commission</i> Heather Fairchild, <i>Health and Human Services, Dept of</i>
Risk Management Unit	HBAC Wellness Workgroup		
Monica Cioffi, <i>Administrator of Risk and Benefits</i> Eric Remillard, <i>Acting Health Benefit Program Finance Director</i> Christine Williams, <i>Assistant Health Benefit Administrator</i> Michael O'Mahony, <i>Senior Health Data Analyst</i> Diane Caldon, <i>Program Assistant</i>	Cheryl Frey Diane Caldon Judy Shevlin Linda Huard Lisa Angelini Mary Ann Cooney	Mindy Fitterman Mike O'Mahony Monica Cioffi Paula Booth Kathleen Sherman William Byron	
Financial Data Management	Wellness Coordinators		
Mark Roth, <i>Financial Data Administrator</i>	Robert Lewis, <i>Adjutant General</i> Diane Caldon, <i>Administrative Services, Dept of</i> April Burke, <i>Agriculture, Dept of</i> Kathy Wheeler, <i>Bank Commission</i> Dawn Allen, <i>Bank Commission</i> Sue Lavin, <i>Board of Tax and Land Appeals</i> Stephen Knipstein, <i>Christa McAuliffe Planetarium</i> Lisa Angelini, <i>Corrections, Dept of</i> Pam Sopczyk, <i>Environmental Services, Dept of</i> Leanne Gott, <i>Education, Dept of</i> Marcie Nolet, <i>Employment Security, Dept of</i> Addie Hutchison, <i>Human Rights Commission</i> Kathleen Belanger, <i>Insurance, Dept of</i> Lisa Campbell, <i>Insurance, Dept of</i>		
Purchasing			
Bob Stowell, <i>Administrator</i>			
Bureau of Accounting			
Bill Weaver, <i>Payroll Manager</i> Tim Hartshorn, <i>Administrator</i> Stephanie Timpano, <i>Agency Records Auditor</i> Peter Rhodes, <i>Chief Accountant</i>			

## V. Organizational Information *continued*



### OUTSIDE PARTNERS/VENDORS

Company	Duties	Contract Term
<b>Anthem Health Plans NH</b>	<ul style="list-style-type: none"> <li>Administers medical benefits for state employees and retirees</li> </ul>	1/1/2008 – 12/31/2010
<b>CIGNA Healthcare</b>	<ul style="list-style-type: none"> <li>Administers medical benefits for state employees and retirees</li> </ul>	9/1/2005 – 12/31/2007
<b>Choicelinx Corporation</b>	<ul style="list-style-type: none"> <li>Provides internet-based benefit enrollment process and related services for state employees and retirees</li> </ul>	7/1/2007 – 6/30/2009
<b>Delta Dental</b>	<ul style="list-style-type: none"> <li>Administers the self-funded dental benefit for active state employees</li> </ul>	12/1/2007 – 12/31/2009
<b>Employee Benefits Management, Inc./Combined Services, Inc.</b>	<ul style="list-style-type: none"> <li>Administers the Flexible Spending Account and Health Reimbursement Arrangement benefit for state employees</li> </ul>	1/1/2008 – 12/31/2009
<b>Local Government Center Health Trust w/ Caremark, Inc.</b>	<ul style="list-style-type: none"> <li>Administers prescription drug benefit for state employees and retirees</li> </ul>	7/1/2007 – 12/31/2009
<b>Maine Health Information Center</b>	<ul style="list-style-type: none"> <li>Performs analysis of historical employee claims information including comparisons to other public purchasers</li> </ul>	12/29/2007 – 1/31/2009
<b>UNH Institute for Health Policy and Practice</b>	<ul style="list-style-type: none"> <li>Facilitates NH Purchasers Group on Health activities and develops a NH provider report card</li> </ul>	7/1/2008 – 6/30/2009
<b>The Segal Company</b>	<ul style="list-style-type: none"> <li>Provides actuarial, claims audit and employee health benefit consulting services</li> </ul>	10/1/2006 – 10/31/2008



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## VI. FY '09 Program Goals

- Looking ahead to FY 2009, the Program has set administrative and program goals it aims to accomplish that will continue to benefit the State and its employees, continue to improve Program operations from previous fiscal years, and sustain the Program into the future.
- The charts on the following pages highlight some of the program goals that the Program expects to achieve during FY 2009.



## VI. FY '09 Program Goals *continued*

Program	Synopsis	Goal	<b>Complexity</b> Required amount of resources and time to complete
<b>Evaluating Program Data: Maine Health Information Center, New Hampshire Purchasers Group on Health, Health Assessment Tool</b>	<ul style="list-style-type: none"> <li>Contracted with Maine Health Information Center</li> <li>Received multiple year analysis of State's claims, spanning vendors</li> </ul>	<ul style="list-style-type: none"> <li>Gain ability to trend multiple years worth of data regardless of vendor changes</li> <li>Compare data to other public purchasers and collaborate on actions</li> <li>Develop 'Quality Report Card' for NH providers</li> </ul>	
<b>Direct Involvement with NH Healthcare Delivery System</b>	<ul style="list-style-type: none"> <li>Become involved in vendor provider contracting</li> <li>Partner with vendors to achieve greater savings for the State</li> </ul>	<ul style="list-style-type: none"> <li>Protect State's strategically negotiated contracted discounts</li> <li>Prevent the market from compensating for lost revenue at State's expense</li> </ul>	
<b>Vendor Monitoring Policy</b>	<ul style="list-style-type: none"> <li>Formalize policy</li> <li>Streamline and standardize processes</li> </ul>	<ul style="list-style-type: none"> <li>Ensure negotiated performance guarantees are met</li> <li>Enforce any penalties</li> <li>Ensure State receives high level of service from all vendors</li> </ul>	
<b>Eligibility Audit</b>	<ul style="list-style-type: none"> <li>Ensure only eligible enrollees are utilizing benefits</li> </ul>	<ul style="list-style-type: none"> <li>Develop system to perform periodic eligibility audits</li> </ul>	



## VI. FY '09 Program Goals *continued*

Program	Synopsis	Goal	<b>Complexity</b> Required amount of resources and time to complete
<b>Robust Wellness Program</b>	<ul style="list-style-type: none"> <li>Continue to develop Wellness Program and align with benefit design</li> </ul>	<ul style="list-style-type: none"> <li>Continue integration with DHHS</li> <li>Develop ability to make informed decisions driven by data</li> </ul>	
<b>Technology</b>	<ul style="list-style-type: none"> <li>The program lacks access to improvements in benefits administration technology</li> </ul>	<ul style="list-style-type: none"> <li>Improve program collaboration and efficiency</li> <li>Integrate relevant data</li> </ul>	
<b>HIPAA Compliance</b>	<ul style="list-style-type: none"> <li>Federal requirement to protect the privacy of enrollee health information and safeguard the Program's health information systems</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the HIPAA Privacy and Security Rules</li> </ul>	
<b>State Level Appeal Board</b>	<ul style="list-style-type: none"> <li>The Program does not have the capacity to administer an appeal process for enrollees at the State level</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate internal Program expertise and develop a relationship with DHHS in order to build a State level appeal board for enrollees</li> </ul>	



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# VII. Appendix



## FUNCTIONS OF SELF-FUNDED BENEFIT PROGRAM FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit
<b>ENROLLMENT/ELIGIBILITY</b>	
New enrollee notification from agencies	HR
New enrollee packet fulfillment	VEN
Follow up on outstanding enrollment packets not returned	HR
Annual open enrollment materials production and distribution	PER
Member enrollment on-line/paper enrollment forms	HR
Retiree enrollment process	PER
Posting enrollment changes to State systems	FDM
Verification of enrollment and approval to enroll	PER
Dependent verification and enrollment	HR
Disenrollment of terminated, deceased, retired members	HR
Reconcile billing to include new enrollees and dependents	BOA
Reconcile benefits eligibility systems to State systems	BOA

## VII. Appendix *continued*



### FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit
<b>CASH FLOW: Contributions</b>	
Budgeting and collection from agencies	BOA
Periodic credit to NHIFS account from agencies	BOA
Reporting to contributing agencies and benefits management units	BOA
Leave without pay - \$25 direct bill	BOA
<b>CASH FLOW: Retiree Contributions</b>	
Coordination with Retirement System (Judges)	BOA
Set up contribution deductions	BOA
Collection adjustment as needed (e.g., rate changes)	BOA
Direct bill contributions (e.g., survivor premiums)	BOA
Reconcile to NH Retirement System (NHRS)	BOA
Adjustments / retroactive changes/reversals	BOA

## VII. Appendix *continued*



### FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit
<b>CASH FLOW: Reserves</b>	
Monitor health fund credits as part of budget contribution	BOA
Monitor and reconcile increases/decreases in reserve fund	RMU
Check that investment earnings are credited	RMU
Review of needed reserve levels for IBNR and RSA 21-I:30	RMU
<b>CASH FLOW: Claims Payment Funding</b>	
Transfers to claims payment account to cover approved claims	BOA
<b>CASH FLOW: Administrative Fees</b>	
Receive and reconcile vendor bills for fees	BOA RMU
Reconcile billing to contract	BOA
Authorize payment of administrative fees	RMU
Transfer fees to vendor account or check or ACH	RMU
<b>MANAGEMENT FUNCTIONS: Interfaces</b>	
Vendors	RMU
Agency HR staff and management	PER
Payroll	BOA
Union leadership	PER

# VII. Appendix *continued*



## FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit	
<b>MANAGEMENT FUNCTIONS: Budgeting</b>		
Fiscal monitoring and link to State budget	RMU	
Budget projections	RMU	
Fiscal notes/Legislative service requests	RMU	
<b>MANAGEMENT FUNCTIONS: Reporting</b>		
Fiscal Committee	COM	
Health Benefits Advisory Committee	RMU	
<b>MANAGEMENT FUNCTIONS: Vendor Management</b>		
Receive and review scheduled reports	RMU	
Schedule periodic update meetings with carrier to review progress/discuss issues and collaborate on new ideas	RMU	PER
Monitor vendor performance against performance standards	RMU	
Maintain updated contract documents throughout the contract period	RMU	
Maintain list of contracts including effective dates, termination dates, extensions and current status	RMU	

## VII. Appendix *continued*



### FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit
<b>MANAGEMENT FUNCTIONS: Customer Service Call and Information Center Operations</b>	
Determining appropriate staffing and hours	PER
Tracking incoming call content—issues, times, actions	PER
Call center operator training and oversight	PER
Reporting transactions to management, governor, legislature	PER
Coordination with carriers	PER
Following up issues forwarded from carrier call centers	PER
HIPAA security and data compliance	RMU
<b>MANAGEMENT FUNCTIONS: Outreach to Employees and Participants</b>	
Develop communications approaches	PER
Review materials to maintain currency	PER
Oversee communication vendors	PER
Coordinate with State website and intranet servicing agencies	PER
Coordinate with Department of Graphic Services	PER
SunSpot—Intranet	PER

## VII. Appendix *continued*



### FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit
<b>MANAGEMENT FUNCTIONS: Vendor Bidding and Contracting</b>	
RFP development	RMU
Bid process: (a) Develop RFP text, (b) Vendor questions; (c) Receive bids; (d) Analyze technical and cost proposals	RMU
Review and Support Bid Process for Compliance	PP
Provider network analysis	RMU
Negotiate contract provisions	RMU
Finalize signed contract	COM
Ongoing review and contract update	RMU
Performance guarantees—review and audit sections	RMU

## VII. Appendix *continued*



### FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit	
<b>MANAGEMENT FUNCTIONS: Audit</b>		
TPA/carrier audit (financial, policies and procedures)	RMU	
Health fund audit	RMU	
Auditor procurement and contracting	RMU	
Federal audits	RMU	
<b>MANAGEMENT FUNCTIONS: Compliance and Legal</b>		
HIPAA - Privacy	RMU	
COBRA	RMU	
HIPAA Security	RMU	
HIPAA Business Associate Agreements	RMU	
Medicare Part D actuarial certification	RMU	
Negotiate contracts with each vendor	RMU	
Health plan documentation	RMU	
Benefit summaries and benefit booklets	RMU	PER
Dept of HHS Data Match VDMSA for primary/secondary Medicare coverage	BOA	

## VII. Appendix *continued*



### FUNCTIONAL ROLES

Benefit Administration Task	Primary Unit
<b>MANAGEMENT FUNCTIONS: Calculation of Premiums/Contribution Rates</b>	
Review actuary/underwriter claims review and projections	RMU
Review rate alternatives and modeling	RMU
Review IBNR calculations	RMU
Review administrative fee negotiations with vendors	RMU
Review rate approval process	RMU
Review development of full rate tables for new rates	RMU
Review actuarial rate report and IBNR certification	RMU
<b>MANAGEMENT FUNCTIONS: Plan Design</b>	
Analyze plan utilization data, statistics and ongoing results	RMU
<b>MANAGEMENT FUNCTIONS: Strategic Program Design</b>	
Analyze program competitiveness compared to other states and similar governmental jurisdictions	RMU
Implement stop loss coverage as needed to balance risk levels assumed	RMU
Consider and determine program and structure changes to improve program	RMU
Present recommendations to administration, legislature, advisory groups and participants as needed	RMU
Implement changes	RMU
<b>MANAGEMENT FUNCTIONS: Other Benefit Programs</b>	
Flexible Spending Plan	PER