

Approved Jan. 27, 1983  
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments and Benefits

The meeting was called to order by Bob Ott at  
Chairperson

9:05 a.m./~~p.m.~~ on January 26, 1983 in room 527-S of the Capitol.

All members were present except:

Reps. Laird, Meacham and Whitaker

Committee staff present:

Gordon Self, Revisor's Office  
Ed Ahrens and Louis Chabira, Legislative Research

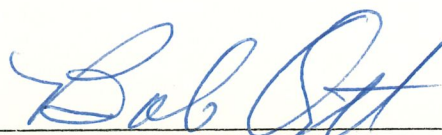
Conferees appearing before the committee:

Wayne Johnston, President, Blue Cross-Blue Shield

The meeting was called to order by the chairman. The minutes of the January 25 meeting were approved. Rep. Patrick explained the draft of a bill which was requested by some members of the committee for consideration by the committee to be introduced in the House. The bill states that no private actuary can be retained by KPERS for more than nine years. Rep. Dyck moved that the bill be introduced; Rep. Francisco seconded the motion, motion carried.

The chairman then turned the floor over to Mr. Wayne Johnston, President of Blue Cross-Blue Shield (See Attachments A and B). He explained the type of group insurance plan the State of Kansas has, described the coverage, compared it with other group plans and compared it with the past income and expenditures. He outlined the different types of groups of persons which have been brought into the system and the age portion of the group. He explained the basis on which Blue Cross charges rates and that these rates are proposed two years in advance.

The meeting was adjourned at 10:20 a.m. The next committee meeting will be held on January 27 in Room 527-S.



Bob Ott, Chairman



State Employee Group

Number of Contracts

	<u>Employees Under Age 65 Without Dependents</u>	<u>Employees Under Age 65 With Dependents</u>	<u>Employees Over Age 64 With or Without Dependents</u>
As of July -			
1971	11,502	12,126	1,196
1972	11,592	12,250	1,413
1973	12,308	12,131	1,613
1974	13,645	13,098	1,879
1975	14,591	13,061	2,254
1976	15,733	13,225	2,842
1977	16,846	12,993	3,240
1978	18,192	13,326	3,648
1979	19,570	13,428	4,072
1980	21,002	12,929	4,461
1981	21,281	12,399	4,840
1982	21,892	11,500	5,154

State Employee Group

Monthly Rates

	<u>Employee</u>	<u>Dependents</u>	<u>Family</u>	<u>MER</u>
7/1/71 - 7/31/73				
High Option	\$12.46	\$ 22.06	\$ 34.52	\$ 6.17
Low Option	10.16	17.19	27.35	4.94
8/1/73 - 7/31/74				
High Option	\$17.31	28.99	46.30	9.54
Low Option	14.40	22.77	37.17	9.32
8/1/74 - 7/31/75				
High Option	20.57	31.65	52.22	8.21
Low Option	16.23	25.68	41.91	7.57
8/1/75 - 7/31/76	24.88	40.92	65.80	10.68
8/1/76 - 7/31/77	29.24	48.72	77.96	13.07
8/1/77 - 7/31/78	33.72	55.56	89.28	15.47
8/1/78 - 7/31/79	33.72	55.56	89.28	15.47
8/1/79 - 7/31/80	37.11	62.39	99.50	16.65
8/1/80 - 7/31/81	43.74	74.87	118.61	23.07
8/1/81 - 7/31/82	54.92	93.42	148.34	25.91
8/1/82 - 7/31/83	66.70	112.64	179.34	32.75

STATE EMPLOYEE GROUP EXPERIENCE

<u>Period</u>	<u>Income</u>	<u>Incurred Claims Expense</u>	<u>Loss Ratio</u>	<u>Retention</u>	<u>Gain Or Loss</u>
7/71 - 7/73	\$14,654,611	\$14,046,428	95.8	\$ 586,184	\$ 21,999
8/73 - 7/74	10,263,200	9,888,719	96.4	410,528	-36,047
8/74 - 7/75	11,774,716	12,138,332	103.1	470,989	-834,605
8/75 - 7/76	15,555,952	14,638,581	94.1	622,238	+295,133
8/76 - 7/77	18,724,206	17,758,202	94.8	842,589	+123,415
8/77 - 7/78	22,089,876	20,159,449	91.3	994,044	+936,383
8/78 - 7/79	22,971,617	23,418,408	101.9	1,033,723	-1,480,514
8/79 - 7/80	25,817,710	27,433,082*	106.3	1,161,797	-2,777,169
8/80 - 7/81	31,064,804	33,547,028**	108.0	1,397,916	-3,880,140
8/81 7/82	37,378,914	38,666,225***	103.4	1,682,051	-2,969,362
8/82 - 12/82	18,538,420	17,260,244	93.1	834,229	443,947
8/82 - 7/83	44,477,556	43,502,720	97.8	2,001,490	-1,026,654

The last two lines reflect only estimated amounts.

\* As Paid thru 7/31/82.

\*\* From Specs., includes some estimate.

\*\*\* Estimate incurred, revised, based on paid through 12/31/82.

February 10, 1982

TO: Wayne Johnston  
FROM: Frank Carlson  
RE: ADDITIONS TO STATE GROUP RESULTING FROM  
CHANGES IN ELIGIBILITY REQUIREMENTS

The following are my recollections and file memos of significant changes in state eligibility rules for the State of Kansas:

8/1/74 ----- Added County Welfare Employees (1,000 contracts)  
8/1/75 ----- By statute, all former elected officials and  
widows of deceased employees (+1,350)  
8/1/76 ----- Above statute amended to include widows and  
officials who would have been affected had  
the statute been in effect previously.  
1/1/79 ----- Added Judicial Districts (+2,000)  
8/1/80 ----- Post-Grad Students at KU Med Center enrolled  
in Allopathic Medicine  
1982 ----- Blind

Two HMO's

301 Kansas City Prime Health  
202 Wichita Health Plus

FC/lou

	<u>TOTAL MONTHLY RATE *</u>	
	<u>SINGLE</u>	<u>FAMILY</u>
MERIT RATED BASE RATES FOR 1983	\$ 95.63	\$212.38
NON-GROUP DIRECT ENROLLED FOR 1983**	\$134.08	\$313.35
COMMUNITY GROUP FOR 1983**	\$121.95	\$254.66
FEDERAL EMPLOYEES (1982 HIGH OPTION) (1983 RATES NOT AVAILABLE)	\$101.03	\$221.09
CURRENT STATE EMPLOYEE GROUP RATES (8/1/82 - 7/31/83)	\$ 66.70	\$179.34

\* FOR STATE EMPLOYEE BENEFITS

\*\* FILED FOR APPROVAL TO USE IN 1983

*Atch. B*

RETENTION

	<u>PERCENT</u>
OPERATING EXPENSE	2.25
PREMIUM TAX	0.75
RISK RESERVE	0.50
CONTINGENCY RESERVE .	0.50
CONVERSION FACTOR	<u>0.50</u>
TOTAL	4.50



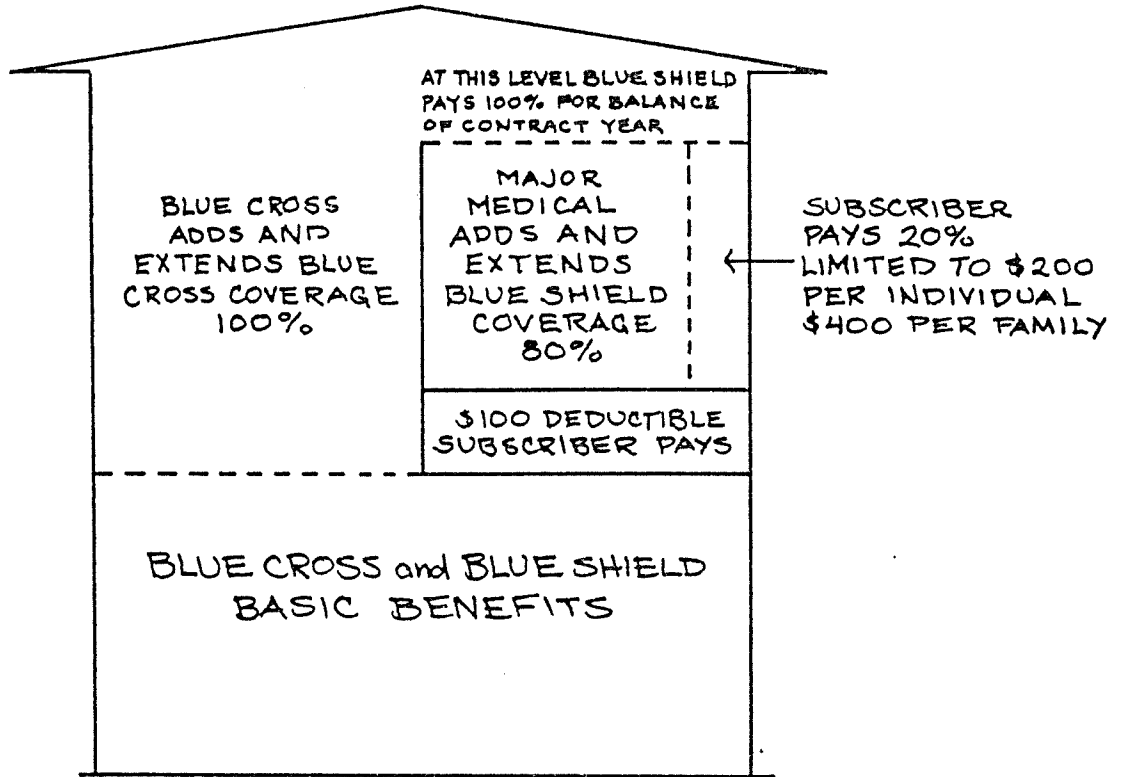
FINANCING ALTERNATIVES

1. FULLY UNDERWRITTEN - PROSPECTIVELY RATED
2. FULLY UNDERWRITTEN - PROSPECTIVELY AND RETROSPECTIVELY RATED
3. FULLY FUNDED - COST PLUS
4. MINIMUM PREMIUM
5. SPLIT FUNDING
6. COST PLUS
7. SELF INSURED - ADMINISTRATIVE SERVICES
8. SELF INSURED - SELF ADMINISTERED
9. VARIOUS COMBINATIONS OF THE ABOVE

WHY SELF-INSURE?

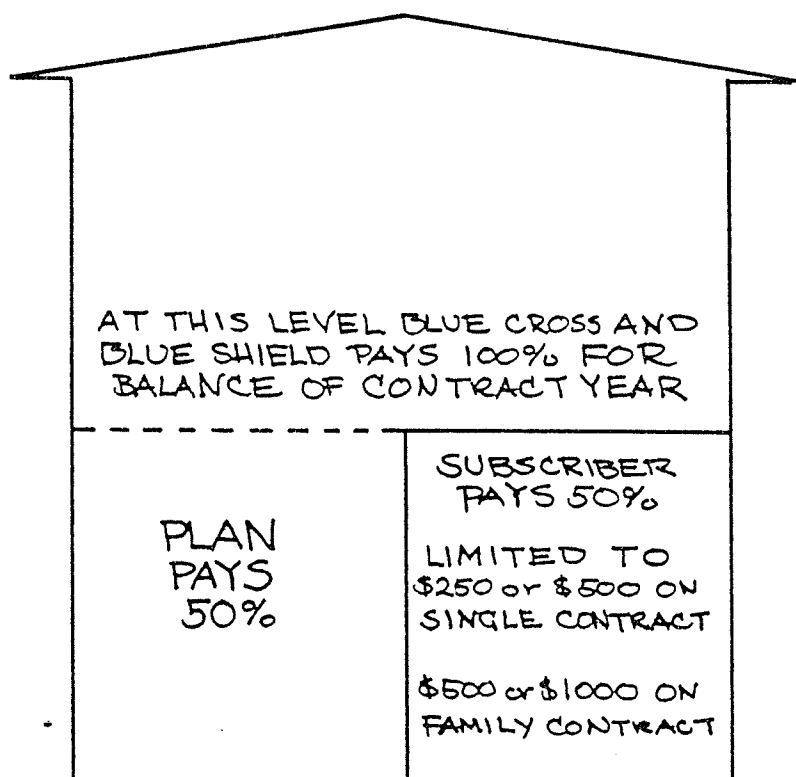
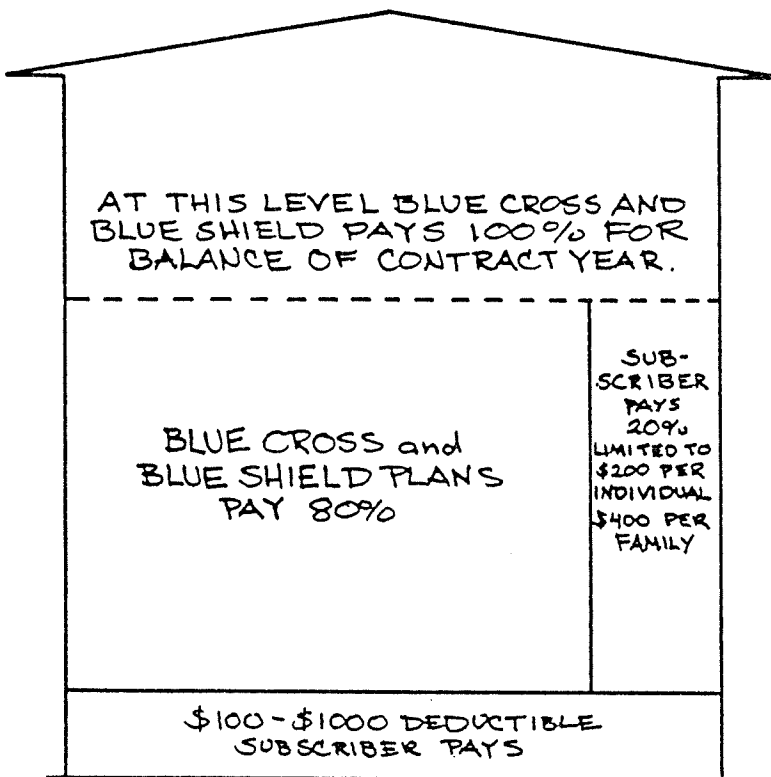
1. ELIMINATE PREMIUM TAX
2. INCREASE CASH FLOW
3. AVOID MANDATED BENEFITS  
AND/OR REGULATION

# CURRENT PLAN



# ALTERNATIVES

FIRST DOLLAR DEDUCT.      SHARED PAY COMP.



DENTAL BENEFITS

PRIMARY BENEFITS - 100%

ROUTINE DENTAL SERVICES

OPTIONS

BLOCK A

SUPPLEMENTAL PRIMARY BENEFITS - 50%

ORAL SURGERY, CROWNS, INLAYS

BLOCK B

PROSTHODONTICS - 50%

DENTURES, BRIDGES

BLOCK C

PERIODONTICS - 100%

TREATMENT OF GUM AND BONE DISEASE

BLOCK D

ORTHODONTICS - 100%

STRAIGHTENING OF TEETH