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MEMORANDUM

TO: Brenda Lakeman  
Faith Rentz

FROM: Evelyn Nestlerode  
*Evelyn Nestlerode*

DATE: December 11, 2015

SUBJECT: Judicial Branch Response to the Draft Report, State Employee Health Benefit Task Force

I am submitting the following comments regarding the report of the State Employee Health Benefit Task Force on behalf of the Judicial Branch:

The Judicial Branch cannot endorse the report at this time. But, there are several courses of action that should be undertaken. First, the inequitable and costly double state share should be fixed. Before other state employees are asked to sacrifice, those receiving a windfall should be required to make equal contributions.

Second, either a new consultant providing expertise related to this initiative should be hired or the performance of the current advisor should be improved. The presentations are confusing and the explanation of, and background for, options are so abbreviated as to be difficult to evaluate; options are not explained in clear English and with clear math. There has been no reasoned ordering of potential steps or recommendations about which steps would be most effective to implement and their interactive effect. We advise that a search for a "major league" advisor begin, based on consultations with the most effective corporations, universities and others in the United States, to see who they hire to help them make decisions like this. This is too large a percentage of our state's budget for us to be taking short-cuts. The Judicial Branch senses that this concern may be shared by a number of other Committee members.

Third, it remains important to understand how we got to where we are, in order to avoid having it happen again. This problem did not emerge in an instant. The program was not responsibly meeting its expected operating needs, and was using surplus to meet expected needs. It would be helpful if we could understand why this problem surfaced in emergency mode and alerts were not sounded earlier. It is not a problem solely contingent upon a few expensive cases and structural deficiencies need to be identified and addressed on a long-term basis.

Finally, we think our desire for better advice would dovetail with others' support of metric-based pricing as a part of the solution. Our concern is that we remain so fundamentally uncomfortable with the decision-making information presented to the Health Care Task Force that we believe it would be best to get "high caliber" advice related to the entire project, and then pursue specific areas of inquiry with the advisor's guidance.