

**REPORT OF THE
EMPLOYEE BENEFITS DIVISION OVERSIGHT SUBCOMMITTEE
OF THE
ARKANSAS LEGISLATIVE COUNCIL**

November 15, 2024

Senator Rice and Representative Wardlaw, Co-Chairs:

The Employee Benefits Division (EBD) Oversight Subcommittee met on Thursday, November 14, 2024, at 9:00 a.m., in Room B-MAC.

The Subcommittee adopted the final Report of the Diabetes Management Program Study for submission to the Arkansas Legislative Council (*Attachment 1*).

The Subcommittee reviewed and approved the following actions of the Arkansas State Board of Finance:

1. EBD Drug Formulary Reports for September, October, and November 2024
2. Medical Drug Recommendations for November 2024
3. EBD Contract Amendments:
 - a. HMO Partners, Incorporated
 - b. Mainstream Technologies

Respectfully submitted,

Senator Jimmy Hickey, Co-Chair

Representative Aaron Pilkington, Co-Chair

Diabetes Management Program Study

ALC-EBD Oversight Subcommittee

Report to the Legislative Council
December 20, 2024

Act 113 of 2022 created the Employee Benefits Division Oversight Subcommittee of the Legislative Council (the “Subcommittee”) and included a requirement that the Subcommittee “study general diabetes management programs to evaluate the viability and sustainability of a general diabetes management program for the State and Public School Life and Health Insurance Program.”

The Rules of the Legislative Council also contain the requirement that the Subcommittee conduct a study to include:

- (i) Evaluating possible general diabetes management programs for managing diabetes of members of the State and Public School Life and Health Insurance Program;*
- (ii) Developing recommendations for potential legislation for the 2025 Regular Session of the General Assembly that are necessary to implement a general diabetes management program for the State and Public School Life and Health Insurance Program; and*
- (iii) Submitting a report summarizing the results of the study to the Legislative Council no later than July 1, 2024.*

ALC Rules 5.(a)(13)(O) (the “Study”).

The ALC-Executive Subcommittee authorized the Bureau of Legislative Research to contract with The Segal Group (“Segal”) in 2022 to provide actuarial and consulting services, including assisting the Subcommittee with the study mandated by Act 113. Pursuant to the requirement of Act 113 and the ALC Rules, the Subcommittee met monthly beginning in October 2023 to hear from Patrick Klein and Dr. Sadhna Paralkar, representatives of Segal, on various topics related to the Study, as follows¹:

- October 2023: Medication Utilization and Management
- November 2023: Nutrition, Obesity, and Lifestyle Management
- December 2023: Mental Health
- January 2024: Prediabetes/Other Co-morbid Conditions
- February 2024: Initial Recommendations Report

During these presentations, the Subcommittee members also raised questions concerning wellness programs and how those programs may impact diabetes

¹ Copies of the Segal presentations and initial recommendations are available for members who would like to review them and are posted to the General Assembly website.

management. The Subcommittee requested additional information from both the Employee Benefits Division and Segal related to wellness programs in order to have all information necessary to finalize its recommendations to the Legislative Council. As such, the Subcommittee began hearing presentations from Segal related to wellness programs in June 2024 and continued as follows:

- June 2024: History and Trends of Wellness Programs
- August 2024: Case Studies, Best Practices, Sample Incentives, and Recommendations
- September 2024: Wellness Program Costs

In September 2024, the Subcommittee adopted a motion to not move forward with the full wellness program and requested that Segal and the Employee Benefits Division provide additional information concerning a possible incentive related to participation in annual wellness exams.

In October 2024, the Subcommittee adopted a motion to include the following recommendations in the final report:

1. The State and Public School Life and Health Insurance Program implement a diabetic program that includes:
 - Mental health and other comorbidity monitoring and treatment integrated within the diabetic treatment module;
 - Claims integration to facilitate identification of high-risk individuals for proactive outreach;
 - Control over GLP-1 drug costs; and
 - Performance guarantees that address proactive outreach process measures in addition to outcomes measures for mental health and other comorbidities.
2. Conduct a competitive bid (Request for Proposal)
3. Compare vendor fees – consider whether the vendor offers credits or allowances to offset its costs. Negotiate competitive vendor contracts that include performance guarantees.
4. Compliance considerations: MHPAEA, HSA/HDHPs, wellness rules, ERISA, etc.
5. Manage rollout and member engagement communications, which are important because the learning curve can be steep as participants adjust to the new user experience.
6. Measure the actuarial-driven ROI periodically.

The Subcommittee hereby submits to the Arkansas Legislative Council the recommendations and final report for the Diabetes Management Program Study, in accordance with ALC Rules 5.(a)(13)(O), and states that it has concluded the study. The

Subcommittee recommends adoption by the Arkansas Legislative Council of all recommendations included in this report.

Respectfully Submitted:

Senator Jimmy Hickey, Jr.,
Senate Co-chair

Representative Aaron Pilkington,
House Co-chair