

LMBC Meeting Minutes

June 9, 2015

Bull Run Room, 5th Floor Portland Building
Attendance

LMBC Members present

Mark Gipson
Gerry Verhoef
Betsy Ames
David Rhys
Jay Guo
Jamie Burrows
David Shaff
Dawn Martin
Alan Ferschweiler
Stephanie Babb
Warren Jimenez
Wendi Steinbronn

LMBC members absent

Amy Archer
Deborah Sievert-Morris

Staff

Cathy Bless
Vicki Arch
Kourosh Maghami

Other attendees

Anna Kanwit (BHR)
Commissioner Steve Novick
Amy Bowles (PTE 17)
Elliot Levin (PTE 17)
Dan Trubman (CBO)
Travis Chipman (PFFA)
Isaac McLennan (PFFA)
Anne Thompson (AON)
Shelley Zhao (AON)
Katie Shriver (Commissioner Novick's office)
Jon Uto (BHR)

1. Call to Order: Gerry Verhoef called the meeting to order at 1:37pm and announced that Alan Ferschweiler will be the new co-chair beginning in September, as Gerry will be retiring from the Committee.
2. Minutes for the April 14, 2015 meeting were reviewed and approved with no changes.
3. **Self-Insured Plan Experience Reporting** — Kourosh reviewed the experience reports. Medical claims are running approximately at the same level as last year; Rx are about 9.5% higher than last year and dental at 2.4%. Overall experience for the plan is about 1.8% higher than last year at this time. Cathy indicated part of the reason for higher claims is specialty drugs are escalating and we can't expect that trend to change with our current plan design. On the other hand, the End Stage Renal Disease (ESRD) program has reduced the cost of claims associated with dialysis and other complications of the disease, keeping them under the stop loss deductible.
4. **Benefit Design Strategy Discussion** – Cathy Bless

EEOC/Americans Disability Act (ADA) guidelines came out on April 16th and provided proposed regulations concerning wellness programs. Since this was a topic for the May LMBC meeting, that meeting was cancelled in order to have time to further study the impact on the City's plan design strategy. Following are issues that need to be considered in the plan design:

- The Affordable Care Act (ACA) limits wellness rewards to 30% of the total cost of Employee-only coverage. For example, if the cost of single coverage is \$5,000, the maximum reward/penalty is \$1,500. The ACA also has affordability requirements, requiring that the premium-share paid by the employee for self-only coverage is no more than 10% of annual income.

- Under the ADA, employers cannot require participation in wellness programs and can't deny access to coverage for non-participation. In addition, no adverse employment action can be taken as a result of non-participation and the employer must provide notice to employees concerning how any information obtained through the program will be used. This means "gate-keeping" is not allowed.
- The previous design strategy included 2 different plans with different deductibles and coinsurance levels. Under this previously described program of having a "Rewards" plan and a "Standard" plan, the City would not be allowed to keep an employee from participating in the Rewards plan under the ADA/EEOC guidelines.
- Employers can charge a different premium amount based on participation in wellness programs. The new design strategy provides one plan—the "Concept CityCore" plan is included in the handout which would offer the same benefits to all participants, however the premium charged to employees would be based on participation in the wellness program. The wellness requirement has also been modified from the original age-based programs to a simple requirement of a preventive exam once every 24 months for all plan participants. The suggested timing for implementing the program would be the plan year beginning July 1, 2018, allowing time for communication and education about the program. The qualifying 24 month period would be the two calendar years prior to 2018 (beginning January 1, 2016 and ending December 31, 2017) allowing time for appeals, corrections, and programming into the annual enrollment system.
- Committee members asked if the goal was to save the City money; Cathy replied the overall goal is to improve quality of life, get employees to see a healthcare professional so early diagnosis could be made, employees would potentially be healthier and eventually plan costs would go down. A question also came up about what is considered preventive; Cathy replied that an employee would make an appointment for a wellness exam for which there would be no copay, the doctor would submit a preventive exam CPT code to the insurance company for those services.

5. Other Jurisdiction Comparisons – Anne Thompson (Aon)

- Ann Thompson reviewed some of the changes made from the prior comparisons provided to the committee in December, including the addition of the King County Silver and Bronze plans.
- Commissioner Novick asked if the group thought employees would be interested more in going to the doctor, to comply with the wellness program described in the Design Strategy discussion, or if they would want to do those things that other jurisdictions are currently doing (completing health risk assessments and individual action plans). There was some discussion in the group about providing incentives rather than disincentives for employee buy-in. One member suggested that technology is an issue for many employees here at the City, and they would be less able to comply if it involved online assessments. In addition, some employees would not want to answer "touchy, feely" kinds of questions; going to a doctor every 2 years would be easier. Another member suggested going to the doctor would provide a better opportunity to deal with issues like diabetes and heart disease. Another indicated a health risk assessment might be useful if the participant took it with them to discuss with a doctor. Commissioner Novick asked for a show of hands for 1) doctor visits or 2) action plans/health risk assessments. No count was done, the Commissioner indicated responses were about even. A couple committee members indicated a desire to have a starting point of going to the doctor, then could always adjust the program down the line. Additionally a Committee member

indicated they felt as if we had talked about it for quite some time now and that we needed to move forward.

- There was some discussion about why premium share would be adjusted upward for non-compliance rather than down for compliance. Cathy pointed out that the committee has been discussing issues around two themes and that the question is not just about the premium share an employee pays. The two themes that the committee has come back to continually are:
 1. Do we charge sick people more by adjusting the plan design; or
 2. Do we design a plan where everyone shares in the cost?
- Cathy indicated if we don't do something with funding via premium share then we will need to do something via plan design. Alan asked that the group look at design changes made in the past and how they've impacted where we are now.
- Once EEOC/ADA rules are finalized, we will check in with other jurisdictions to see what they're doing with their wellness incentive programs.

6. Other Business

- The City's Kaiser plan currently does not cover transgender surgery or treatment. The Benefits Office will be putting together a proposal to add the rider for coverage for review by the Committee. The cost is estimated to be \$1 per employee per month.
 - A Guiding Principles handout was provided for new members (and as a refresher for continuing members) for review.
 - Alan led the group with a "thank-you" to Gerry for her service on the Committee.
 - Cathy announced that the replacement for David Shaff, who is also leaving in July, will be Suzanne Kahn.
7. Next meeting: Tuesday, July 14, 2015. There will be no meeting in August.
8. Meeting was adjourned at 3:00 p.m.