

LMBC Meeting Minutes

November 10, 2015

Bull Run Room, 5th Floor Portland Building

Attendance

LMBC Members present

Mark Gipson
Amy Bowles
Amy Archer
David Rhys
Wendi Steinbronn
Jamie Burrows
Jon Uto
Alan Ferschweiler
Jay Guo
Dawn Martin
Betsy Ames
Deborah Sievert-Morris

LMBC members absent

Stephanie Babb
Suzanne Kahn

Staff

Cathy Bless
Vicki Arch
Kourosh Maghami

Other attendees

Anne Thompson (Aon)
Stephen Caulk (Aon)
Isaac McLennan (PFFA)
Paul Cone (PTE 17)

1. Call to Order: Alan Ferschweiler called the meeting to order at 1:30pm.
2. Minutes for the October 13, 2015 meeting were reviewed and approved with no changes.
3. **Self-Insured Plan Experience Reporting** — Kourosh reviewed the plan financials. Medical claims have gone up 8.1%; Rx claims are up 12.5%, and Dental are up 14.2% year to date compared to last year. The dental increase of 14.2% is being offset by additional premiums paid by employees for the buy-up dental plan. Recent high medical claims of \$1.9M for the second half of October can be partially attributed to the fact that the period included three Fridays of claims payments. Cathy reviewed the loss ratio report for the first quarter, which showed a total loss ratio of 96%. (Year to date through October is 98 %.) Since the City ended last year with a total loss ratio of 94%, and we maintained the same plan rates, we have some capacity to take on an increase in claims. One thing contributing to higher claims this year is the re-negotiation of ESRD program agreements, since providers protested the Medicare pricing. Moda restructured contracts with those providers but had additional costs that needed to be paid retroactively. Because of the renegotiation, costs for ESRD will be higher this year. The current estimate for number of participants in this program is two (we had five previously). Last year's claims totaled \$240,000; the expectation is those will go up by around a third to \$320,000 to \$350,000.
4. **Self-Insured Plan Annual Report** – Lori Armitage and Lindsay Ferrin, Moda
Lori Armitage reviewed Moda's annual report. Comparisons were made between last year's numbers and also a public peer group. There was some discussion of who was included in that group, but Moda does not identify their clients (just as they would not identify City of Portland when reporting to other clients.) Items pointed out in the reports included:
 - Number of hospital admits is down 1%, number of days down 21% and ALOS (average length of stay) down 20% from last year;
 - There was a 5% decrease in emergency room utilization and emergency room visits have decreased each year over the past four years;

- For outpatient surgery, there is an increasing use of surgical centers which are less expensive than hospitals;
- The top five facilities (OHSU, Providence Portland Medical Center, Providence St. Vincent Medical Center, Legacy Emanuel Hospital and Legacy Good Samaritan Hospital) account for 32% of the total group allowed charges;
- The top diagnoses for the City's plan include:
 1. Musculoskeletal (which tends to be #1 for all groups);
 2. Health Services—this is good as this would include preventive screenings; and
 3. Other Disease—this includes ESRD services.
- Member engagement and outreach top two categories include depression (which is prevalent in the northwest) and cardiac conditions. Tobacco was higher for the City than public peers, but this could be skewed based on physical reporting.
- Overall, the dental plan is performing very well.

5. Kroger Prescription Plan Performance – Cathy Bless

Cathy reviewed the Kroger 1st Quarter (July through September 2015) Plan Review provided by Kroger. Key points included:

- Overall, the total plan paid amount has increased by 11.4% over the same period last year, while there has been a decrease in the number of prescriptions by 1.4%;
- Last year, on average, participants were paying 9.9% of the cost of their prescriptions, this year they are paying 8.5% of the cost (a decrease of 14.4%);
- Last year specialty drugs accounted for 28.4% of the plan paid costs, this year they are at 35.5% (an increase of 24.9%);
- Generic costs have leveled off, with a 26% decrease for traditional drugs;
- Average percent of costs per member for specialty drugs is 1.3%; for traditional drugs it is 11.9%;
- There has been a 10.8% increase in the number of specialty drug prescriptions;
- The average plan paid cost per Rx is \$98.46;
- There has been an increase in the number and costs of diabetic medications; we've asked Moda to look at these numbers in relation to the number of diagnoses;
- Insulin unit costs are up 17.9% while the unit cost of oral diabetic medications is up 125%;
- Eight out of the top twenty plan paid traditional drugs are for diabetes;
- There has been an increase from \$517,037 to \$719,888 (39.2%) in the total plan paid costs of specialty drugs;
- The plan currently has a GDR (generic dispensing rate) of approximately 86%.
- Of the top drugs by the amount plan paid, most are specialty drugs.

Kroger's proposed plan changes were not brought to the LMBC since we currently have a RFP out and we will look at each of the finalist proposals. A question was raised as to what Pharmacy Benefit Managers do. PBMs negotiate drug pricing and rebates in addition to providing administrative services. The drug pricing/rebate formulas can be quite complicated, so Aon is providing the analysis to determine overall which vendor provides the best financial package. In addition, the analysis will need to include the types of medications the City population takes against the PBM's pricing. Moda, as the TPA for the medical plan also negotiates discounts with providers for medical services. Moda has the highest discounts with Legacy, the lowest discounts with Providence.

6. Project Updates: Cathy Bless

- **EEOC/ADA:** There are currently some new guidelines which are being evaluated and additional information will be provided at the December meeting.
- **Pharmacy RFP:** Aon currently analyzing financial proposals
- **Employee Survey** Have held the survey open for the next few days, will have results for January meeting.

7. Other Business: Guiding Principles as revised were distributed.

8. Meeting was adjourned at 3:00 p.m.