

LMBC Meeting Minutes

February 9, 2016

Bull Run Room, 5th Floor Portland Building

Attendance

LMBC Members present

Stephanie Babb
Mark Gipson
Suzanne Kahn
David Rhys
Amy Archer
Jamie Burrows
Jon Uto
Alan Ferschweiler
Jay Guo

LMBC members absent

Betsy Ames
Wendi Steinbronn
Amy Bowles
Deborah Sievert-Morris
Dawn Martin

Staff

Cathy Bless
Vicki Arch
Kourosh Maghami

Other attendees

Anne Thompson (Aon)
Tashia Hager (PPCOA)
Michael Trabacca (PTE 17)
Juan Orozco (Local 483)
Patrick Oliver (Local 483)
Tim (Last name illegible, Local 483)

1. Call to Order: Alan Ferschweiler called the meeting to order at 1:03 p.m.
2. Minutes for the January 12th meeting were reviewed and approved with no changes.
3. **Self-Insured Plan Experience Reporting** — Kourosh summarized the financials. Claims are running approximately 10% higher than last year at this time. Cathy summarized the loss ratio report for the quarter ending December 31, 2015. The loss ratio remains at 96% (as it was last quarter.) January does not appear to be much different at this point. We would expect the plan to end pretty close to even in terms of loss ratio.
4. **Moda Health Update** –Cathy Bless
Cathy provided information and background about the recent news stories concerning Moda Health. The state has taken financial control over Moda. In terms of the City's self-insured plan, there is no risk of claims not being paid, because the City pays the claims. We contract with Moda to provide services (processing claims, network access, validating medical necessity, etc.) The CityCore plan is not an insured group or individual plan under Moda. While the news about Moda does not impact claims payments, there is a potential that circumstances could impact provider networks, if providers withdraw from the Moda network. In the Alaska marketplace, Moda does not have any substantial competition, so Alaska has a huge interest in maintaining Moda.

We will know more in the next six to twelve months. Cathy recommended the City stay with Moda for the coming year since an RFP process would not be possible to complete prior to the start of the next plan year beginning July 1. We will continue to review Moda's status over the coming months. This week the state did lift sanctions, allowing Moda to renew and negotiate business agreements.
5. **PBM Pharmacy Finalist Interview Update and Discussion** – Cathy Bless
The pharmacy RFP evaluators have selected ExpressScripts as the top finalist. Presently the City Attorney's office is reviewing their standard contract against the City (and state of Oregon) requirements. The City has certain non-negotiable requirements (such as not

being able to indemnify vendors) and must be certain that if any language in vendor agreements conflict with the City's contract, the City's contract wording will prevail.

Optum Rx was the evaluators' second choice, but only on the restricted formulary into the agreement.

Moda is not a contender any longer given their present status and Caremark has restricted availability for 90 day retail purchases of maintenance medications.

A change to a restricted formulary will impact approximately 350 participants with ExpressScripts. ExpressScripts would reach out to these participants, and the City has asked Joel with Healthy Foundations to also have his team help to transition these participants. ***A confirming vote on the pharmacy and plan enhancement will happen at the next LMBC meeting.***

With a new PBM participants across the board may experience changes since tiers for preferred vs. non-preferred medications will likely be different from Kroger. This could result in a positive change for some (their Rx currently non-preferred may be preferred with ExpressScripts) and others may have their currently preferred drugs on the non-preferred tier. ***The Committee may be asked to vote on whether the Tier 1 medications should carry a minimum across every pharmacy (currently we have an incentive of no-minimum at \$4.00 pharmacies; Kroger, Target and Walmart).***

6. Preliminary Renewal Information: Anne Thompson, Aon

Anne reviewed the preliminary renewal information, including the renewal percentages for each plan in addition to stop loss.

- No increase in costs for EAP, Group or Supplemental Life for employees, LTD, VSP and Flexible Spending Account plans.
- Increases include Kaiser medical at 1.2%, CityCore Medical at 3.7%, Kaiser Dental at 5.5%, Core Delta Dental at 1.5% and Dental Buy-up at 3%. Kaiser's medical increase includes coverage for transgender surgery.
- CityCore plan will be updated to comply with ACA and other federal requirements concerning mental health definition, forensic interviews for child abuse assessments, telemedicine and court-ordered services.
- With the change to a restricted prescription formulary, some of the savings will be applied to making changes to the CityCore plan, introducing a hospital copay to minimize the out of pocket costs for a single hospitalization. ***This will be put to vote at the next LMBC meeting.***
- Moda suggested an optional benefit addition for nightguards, allowing up to a \$150 benefit. The cost of this added benefit could likely be absorbed by the plan with no additional increase in premium. ***This will be put to vote at the next LMBC meeting.***
- Stop loss rates will be reduced by 5% if we retain our current coverage with a 12month incurred/15month pay schedule. Aon has suggested it may be appropriate to change to a 12/24month schedule in order to cover payments made beyond the 15 months. Changing to 12/24 months would result in a 0.2% decrease in rates from this year.
- Cathy indicated the City has not realized a great deal of value from our stop loss coverage. We will go out to bid for quotes from Aon's list of carriers. In addition, Cathy suggested we may want to increase the limit on the stop loss (\$500,000 up to \$1,000,000) and set up an internal fund to self-insure a portion of the coverage.

Stop loss coverage changes will be put to vote at the next LMBC meeting.

Cathy will provide additional information concerning the options/costs prior to that meeting as it becomes available.

- Standard had proposed dramatically increasing rates for ported supplemental life policies. The City has worked out an agreement to retain the coverage rates in place for ported plans (matching the rates for employees), but will likely decrease the amounts available for portable coverage for future separated employees (retirees, COBRA) in order to minimize risk.
- Mark Gipson raised the question as to why the DCTU and Recreation employees have only \$10,000 in life coverage. It was suggested that it was a bargaining issue and other unions had bargained for additional coverage. Mark pointed out that the DCTU labor agreement states the LMBC can provide a recommendation to Council concerning an increase in coverage. Since there was not a quorum at this meeting, the issue did not move forward. Cathy advised she will research and provide more information at next meeting and offer a vote if appropriate.
- A short term disability proposal from Standard Insurance was provided. Because there is not enough planning or communication time available to implement for the next plan year, further discussion will occur at a later date. Standard requires at least a 20% participation rate in order to implement the plan.

7. Other Business

Cathy will set up a discussion session at the end of the month prior to the voting meeting in March to go over the voting issues and catch up members who missed this meeting.

- 8.** Next meeting will be on March 8th in the Bull Run Conference Room (Portland Building) and will begin at 1:00pm. ***The March 8th meeting will be a voting meeting, so members who are unable to attend must provide their proxy to another LMBC member.***
- 9.** Meeting was adjourned at 2:45 p.m.