LMBC Meeting Minutes

March 8, 2016
Bull Run Room, 5th Floor Portland Building
Attendance

LMBC Members present
Stephanie Babb
Mark Gipson
Betsy Ames
David Rhys
Amy Bowles
Jamie Burrows
Jon Uto
Alan Ferschweiler
Jay Guo
Deborah Sievert-Morris
Dawn Martin

LMBC members absent
Suzanne Kahn
Wendi Steinbronn
Amy Archer

Staff
Cathy Bless
Vicki Arch

Other attendees
Anne Thompson (Aon)
Stephen Caulk (Aon
Greg Goldstein (Aon)
Paul Cone (PTE 17)
Elliot Levin (PTE 17)
Claudio Campuzano (CBO)
Katie Shifley (CBO)

1. Call to Order: Betsy Ames called the meeting to order at 1:05 p.m. Cathy asked that the proxy voting be clarified and it was as follows: David Rhys for Amy Archer, Alan Ferschweiler for Wendi Steinbronn and Betsy Ames for Suzanne Kahn.

2. Minutes for the February 9th meeting were reviewed and approved with no changes.

3. **Self-Insured Plan Experience Reporting** — No analysis was completed for the month of February since Moda had some claims processing issues. They paid less than $500,000 in medical claims and around $93,000 in dental claims for the second half of the month. Since the claims payments will not provide credible information for analysis, we will wait for Moda to catch up on claims processing and provide analysis at the next meeting (claims payments through March.)

4. **2016-17 Plan Renewal** –Cathy Bless and Anne Thompson

   Aon provided the Renewal Voting Options and the following votes were taken for coverage effective July 1, 2016:

   - **Delta Dental Plan** – add occlusal guard (night guard) coverage to the Plan, covered once every two years, payable at 50% to a maximum benefit of $150.00. **The voting decision was 13 in favor, 1 absent. Passed.**
   - **Basic Life for DCTU and Recreation Employees** – Increase employer-paid Basic Life insurance coverage from the current $10,000 to 1x salary to a maximum of $50,000. This is consistent with coverage for other employees and impacts approximately 1900 employees. **The voting decision was 14 in favor. Unanimously passed.**
   - **Stop Loss coverage** - The Committee reviewed the options and quotes provided. The City currently has $350,000 in coverage on a 12/15 (12 months incurred/15 months to pay). Options for the renewal included:
     - A status quo option,

- $350,000 on a 12/24 basis,
- $500,000 12/24, reducing the City's rate by about 35%,
- $750,000 12/24, reducing the City's rate by about 58%--Aon indicated this quote was higher than what they found in their database (about 10% higher.) This is likely because the insurance carrier is not familiar with Moda's discounts and they provided a conservative quote, and
- $1,000,000 12/24, reducing the City's rate by about 81%.

There was discussion by the Committee regarding all options and then narrowing the options to the $500,000 or $1,000,000 choices. It was indicated that, while the Committee's decision would be for the next plan year, realistically it is more appropriate to think of this decision to cross over to at least the 2017-18 plan year. Aon would not make any recommendations with only 6 months of data from the 2016-17 plan year. It is important to develop a longer range strategy. Aon models the City's risk, but they cannot model specific risk that might hit the total population, for example, something like the West Nile virus. For the higher options, the City would self-insure the difference between our current level of $350,000 and the stop loss deductible. This strategy sets aside reserves to cover these large claims (in the same fund as other reserves, but a separate line item). The Committee reviewed the past large claims and stop loss experience. On average, the City paid $516,000 more in premiums than claims per year. In general, groups that are risk-averse choose lower levels of stop-loss ($300,000); average/normal is around $500,000; groups that are financially stable are more likely to elect the $750,000 to $1,000,000 levels. Aon's recommendation was to step up the stop loss deductible, perhaps starting at the $500,000 level, then ramping up to $1,000,000 over time. A member asked about perhaps calculating the premium for self-insurance as the difference between the current stop loss rate of $28.55 and the carrier rate of $5.47 for the $1,000,000 level and putting this into reserves for large claims. The group agreed this would be a way to feel more comfortable with the $1,000,000 level. The group voted on accepting the $1,000,000 bid, with the carrier's $5.47 PEPM premium, and keeping the difference in premium of $23.01 PEPM to fund the higher risk corridor for claims between $350,000 and $1,000,000. **The voting decision was 14 in favor. Unanimously passed.**

- **Plan design changes related to Rx and Medical Claims** – With the Committee previously agreed upon consensus to implement Express Scripts (ESI) restricted formulary, it provided the Committee an option to pass some of these savings to members through plan design. The options provided were 1) limit participants' out of pocket expenses for hospital charges by implementing maximum facility copays; or 2) lower the overall plan out of pocket maximum for participants from $3,500 to $3,000 for all CityCore plan participants. There was a discussion about the co-pay option and it was determined that it would provide some communication challenges. No one advocated for that option, so the group voted on the option implementing the Express Scripts' restricted formulary in combination with the reduction in the Plan's out of pocket maximum to $3,000 per year. **The voting decision was 14 in favor. Unanimously passed.**

5. PBM Pharmacy implementation – Cathy Bless

As Express Scripts programs its system for the City's plan, decisions need to be made along the way that may involve changes from our present Kroger plan. Because the timing around this process would not allow votes on every question that might occur, Cathy indicated it would be our protocol to make decisions that would favor the participant—that is the benefit provided would be equal to or greater than the present benefit with Kroger. The Committee agreed to this approach. (One example is concerning the bundling of diabetic supplies and insulin into one copay. Presently employees pay separate copays for each item. With Express Scripts, there's an option to bundle items purchased on the same day, so there would be one co-pay for the insulin, with copays for supplies waived. The City would choose the bundling option.)

Cathy also discussed the much expanded list of available retail pharmacies where participants can purchase a 90 day supply of maintenance medications. Currently the plan has a $5 minimum copay for Tier 1 medications, but there is an incentive to go to certain "$4 pharmacies" to pay less than the $5 minimum, in some instances less than 25 cents. Our current discounts at Fred Meyer will not be as great because we will no longer be contracting with Kroger. Cathy asked the Committee about their willingness to change the minimum copay for Tier 1 medications, and to set a minimum that would be applicable to all pharmacies. Committee members indicated they did not want to incent members to go to certain pharmacies. The Committee discussed minimum copay options and agreed to set a minimum copay of $3.00 for Tier 1 medications. (Participant pays 10% of cost, with a minimum of $3.00 and a maximum of $25.00) It was clarified that birth control was not included, as this class of medication is mandated through the ACA at a $0 copay. **The Committee voted on the $3.00 minimum, with 14 members in favor of this change. Unanimously passed.**

6. Other Business

- Kaiser Renewal – Kaiser has (to date) accumulated out of pocket maximums on a calendar year basis, rather than our Plan year. This year they have offered the opportunity to change to the plan year out of pocket maximum accumulator. The City has agreed to do so, but in order not to harm any participant, has asked Kaiser to accumulate on an 18 month basis for this year (accruing from January 1, 2016 through June 30, 2017). This means, the $600 out of pocket maximum will apply to this 18 month period. Beginning July 1, 2017, the accrual will be on a 12 month, plan year basis. This 18 month accumulation will result in a .25% increase in the Kaiser renewal premium. Cathy asked the Committee if there were any objections, and none were raised. No vote was required
- The April meeting will be held at the Fire Union Office, at 1:30pm

7. Meeting was adjourned at 2:55 p.m.