# LMBC Meeting Minutes

December 13, 2016
Bull Run Conference Room, 5th Floor, Portland Building
Attendance

***LMBC Members present***
Alan Ferschweiler
Mark Gipson
David Rhys
Jamie Burrows
Amy Bowles
Suzanne Kahn
Jon Uto
Jay Guo
Betsy Ames
Deborah Sievert-Morris
Kim McCarty (for Tara Anderson)

***LMBC members absent***
Craig Morgan
Amy Archer
Stephanie Babb

***Staff***
Cathy Bless
Vicki Arch
Kourosh Ghaemmaghami

***Other attendees***
Anne Thompson (Aon)
Claudio Campuzano (CBO)
Elliot Levin (PTE 17)
Lindsay Tosky (Kaiser)
Jonathan Mattingly (Kaiser)
Art George (Kaiser)
Tom Collett (local 483)

1. Call to Order: Co-Chair Betsy Ames facilitating; meeting called to order at 1:35 p.m.

2. Minutes for the November meeting were reviewed and approved (with correction of one typo).

3. **Self Insured Plan Experience Reporting** – Kourosh reviewed the claims summary reports. The Health Insurance Fund is currently about 1% above the same period last year. Prescription drugs are 16% above a year ago. The current projection for the Plan Year is about $53 million. Cathy pointed out that we have had fewer large claims and the dollars spent on those large claims has been lower than in the past. In addition, the prescription increase should come down once we start receiving the Express Scripts' rebates. Once we have more experience with Express Scripts we should also see the cyclical trends.

4. **Kaiser Health Review** – Lindsay Tosky, Jonathan Mattingly and Art George from Kaiser were present to review their report for the 2015 – 2016 plan year. Lindsay provided the following highlights:
    - Reviewing the paid claims during the last plan year (2014-15) to this plan year (2015-16) shows the biggest jump in total dollars PMPM (per member per month) is attributed to inpatient costs, with an increase of 23.9%. (Member = all plan participants, including employee & dependents.)
    - In terms of demographics, the City's average contract (family) size is greater than Kaiser's average.
    - On page 5 of the utilization report it shows surgical utilization was up 291.6%. This number was skewed by one very large claim—a transplant.
    - For inpatient services overall, the number of admissions decreased, but the number of days hospitalized increased.
    - For Emergency Room services, the costs at a Kaiser facility can be better managed than through a contracted or non-network facility. A question came up as to how many emergency room visits there were, Lindsay did not know offhand, but will get back to Cathy with the answer.

- For the pharmacy benefits, Kaiser made some changes in the past year, moving some less expensive brand drugs into the "generic" category. So, the numbers showing a 390.5% increase in brand/formulary cost per script can be attributed in part to the less expensive brand drugs being moved out of that category.
- The use of generic drugs is very good for the City, the increase in these is partially based on the movement of the lower cost brand drugs into this category.
- This year some of the specialty HIV medications will be moved into the generic category—we will see the impact of this change in next year's reporting.
- Hydrocodone is #1 on the Top 25 by Total Scripts list. The top five are generally pain or respiratory (asthma) medications.
- On the Top 25 Drugs by Net Claims list, 8 are for HIV, 3 for diabetes, 3 for multiple sclerosis and 2 are for rheumatoid arthritis. These are specialty medications.
- The City's medical benefit ratio for the 15-16 plan year was 86% (this does not include administrative costs.
- 59% of the City's Kaiser costs are driven by 24% of our members.
- There were questions about hearing aids and pharmacy costs that Lindsay will research and get back to Cathy.

  *UPDATE Per Kaiser:* ***Question #1:*** We underwent a pharmacy system change in August 2014, and moving to the new system allowed us to reclassify some of our brand name drugs. After this system change, we had a subset of drugs that fell into the 'Brand Adjudicated as Generic' reclassification. These drugs are technically brand, but we treat them as generic with respect to the tier in which they fall into. During the last LMBC meeting, I committed to providing some examples of this 'Brand Adjudicated as Generic' (B2G) classification. Please see below for the examples.
  - **ProAir HFA Inhaler**
  - **Humulin-N 100units/mL Suspension**

  ***Question #2:*** When we show drugs on the 'Top 25 Drugs by Net Claims', a question came up in the meeting about why the City of Portland's net cost for the script would be different than Kaiser Permanente's net cost for the script. The answer to this is that drugs are taken differently, with different doses and prescribing directions. For example, with Glumetza, one of the City's individuals taking this medication is taking 4 tablets per day. The average dosage is 2 tablets per day. So, for this example, your member is taking twice as much drug per prescription. Both doses are considered "a script", so naturally the cost for 4 tablets per day would be more expensive than the 2 tablets per day script.

**5. Affordable Care Act (ACA)**

Alan had suggested there be a discussion of what might happen with the change in administration. Cathy indicated we cannot know what will happen on a national level, however the City will not change elements of our plan design which included certain elements based on ACA. For example, we will continue to cover dependents up to age 26, we will not limit benefits based on pre-existing conditions, we will continue to cover preventive care at 100% and there will be no change concerning the lifetime maximum. Cathy will check with Kaiser concerning what they will do with ACA if national changes occur, but she believes nothing will happen with this year's renewal. Mark asked about domestic partner coverage. Cathy replied that there is no intention to stop covering domestic partners. Some labor agreements specifically call out domestic partners, but do not name any other dependents. Dependents are defined for the benefit plan purposes in the Benefits Handbook.

6. **Express Scripts**

   The prescription formulary will change in January. Express Scripts will notify any affected participants.

7. **Other Business**

   - Cathy requested a change in the meeting time to 1:00p.m. for the next LMBC meeting. It will be a two-hour meeting.
   - Cathy will bring the plan design for the high deductible health plan to LMBC. The design will include the requirements necessary so those participating in the plan will qualify to participate in a Health Savings Account (HSA)if they choose to do so on their own. The plan will be offered through bargaining and will be available to non-represented employees and those union employees who have settled their contracts. Mark asked if this plan might pull younger employees and affect the cost of the CityCore plan. Cathy indicated this would not likely be the case, however, experience will be pooled for the self-insured plans and rates will not be determined on a per-plan basis.
   - Moda has sent a letter out to chiropractors indicating they will no longer be covering massages that are billed as part of the chiropractic treatment, effective January 1. They cannot process the City's claims differently from their book of business. The City does currently have an exclusion for massage therapy. The City will handle any issues that occur from January 1 through June 30, 2017 on an exception basis. This issue should be addressed by LMBC to determine if massage should be a covered benefit under the CityCore plan beginning with the new plan year.

8. **Public Comment**

   There was one comment about potential new legislation concerning limits on prescription costs.

9. **Next meeting will be Tuesday, January 10, 2017, Bull Run Room, 5th Floor Portland Building at 1:00 PM to 3:00pm.**

10. **Meeting was adjourned at 3:05 p.m.**