

LMBC Meeting Minutes

January 10, 2017

Bull Run Conference Room, 5th Floor, Portland Building
Attendance

LMBC Members present

Mark Gipson
David Rhys
Jamie Burrows
Amy Bowles
Betsy Ames
Jon Uto
Jay Guo
Kim McCarty (for Tara Anderson)
Amy Archer
Craig Morgan

Staff

Cathy Bless
Santos Aguilar

Other attendees

Anne Thompson (Aon)
Stephen Caulk (Aon)
Elliot Levin (PTE 17)
Tom Colett (Local 483 - PCL)
Claudio Campuzano (CBO)

LMBC members absent

Stephanie Babb
Alan Ferschweiler
Suzanne Kahn
Deborah Sievert-Morris

1. Call to Order: Co-Chair Betsy Ames facilitating; meeting called to order at 1:05 p.m.
2. Minutes for the December 13, 2016 meeting were reviewed and approved. Betsy commented that updates (information provided after the meeting) should be clearly marked.
3. **Self Insured Plan Experience Reporting** – Cathy reviewed the claims summary reports. The Health Insurance Fund is at 94.1% YTD through November/December compared to 95.5% during the same period last year. Cathy mentioned that Moda went through an audit in December, which is a month containing 5 Fridays, meaning it's a month normally containing higher claims. While performing the audit, Moda may have held claims, which will be included within the next wire. Moda has indicated they are all caught up and Lindsay Ferrin at Moda is saying the 2nd half of December does not show high claims.

Pharmacy claims are up by 11%. The City still has not received a rebate check from Express Scripts but should be received in January; this will help with the cost. Additionally, patients with Hepatitis C have completed their treatment, so that will also help with cost.

Dental claims are slightly high but nothing to worry about.

The loss ratio report is currently not available; Cathy will email out to committee members when it's ready.

4. **2017 Preliminary Renewal Information** – Anne Thompson / Stephen Caulk - Aon
Prior to Aon providing their report, Cathy provided some remarks. Overall, the City experience is favorable and there are ideas of how to reward employees on the self-insured plan. What is becoming clearer is the enrollment in Kaiser is continuing to rise. The self-insured plan is the reason for the committee and the health operating fund is to operate the self-insured plan. There have not been any changes to the Kaiser plan design in years and it is clear there is an increasing demographic choosing Kaiser. The Kaiser family premium

is about \$140 higher than the self-insured plan. It's now the most expensive plan. The Kaiser plan has an actuarial value of 94% whereas the CityCore plan has an actuarial value of 84%. 74% of employees who took the benefits survey indicated choice is most important; sustainability of plans and choice are highly reflected on the LMBC principles. The committee should start reviewing plan design changes for Kaiser to maintain choice.

Stephen Caulk from Aon Consulting presented preliminary renewal information:

- Kaiser Medical – 1.4% renewal increase.
- CityCore – 3% renewal increase, this includes a buy down.
- Kaiser Dental & Delta Dental – Flat rate, no premium change for both plans.
- VSP Vision – Considering a 5.6% increase.
- Life/LTD– Flat rate, no change – Cathy informed the committee that when the life insurance coverage amount was changed for the DCTU group to 1 times salary up to \$50,000, the incorrect flat rate was used for premium payment and it will be made up; amount is approximately \$700.
- Overall administrative fees are very attractive looking at the City's size. – Cathy commented that Moda has been provided the OEBB contract; and we can see, Moda has recovered very well and now provide lower concerns moving forward.
- Every year, the Kaiser enrollment has been increasing. The actuarial value for the Kaiser medical plan is 94.5% and for the CityCore plan is 83.5%. The actuarial value measures what the plan would pay. From every dollar, the Kaiser plan would pay about 94 cents while the City would pay about 83 cents per dollar for the CityCore plan. The Kaiser plan would be considered more than a platinum plan, which is not even available on the market; it is a very rich plan.

The following plan design changes are being proposed:

- Lowering the CityCore out of pocket maximum to \$2,500 per member / \$5,000 for family.
- Add Kaiser deductible of \$150 per member / \$300 for family.
- Increase Kaiser out of pocket maximum to \$1,000 per member / \$2,000 for family.

Amy Bowles asked how the cost increase for lowering the CityCore out of pocket maximum will be funded. Cathy answered that it will be funded out of the Health Fund Reserves.

Mark Gipson commented that it doesn't look like there will be much incentive with the proposed changes and asked will this solve the problem? Cathy responded that the real question is what actuarial value should the Kaiser plan be. From the actuarial value, plan design changes can be decided. These proposed changes are to begin the conversation in aligning the plans and maintaining choice; the Kaiser plan has demographic and plan design problems.

Jon Uto added that millennials like convenience; they like all services to be available in one building. It may be difficult to navigate the CityCore plan in having to search for providers on their own. Cathy is working with Moda on having a health advocate. CityCore members will be able to call the health advocate for assistance in locating providers and navigating the system.

Craig Morgan asked if the numbers could be run for the proposed plan design changes to see what the rate changes would be. He mentioned that he understands the concept of the

Kaiser plan design changes but when adding a deductible, this changes the view of the Kaiser plan. Stephen Caulk confirmed that Aon will run the numbers requested.

Craig added that when introducing a high-deductible health plan, he assumes the younger and healthier will choose this plan and asked if this will solve the Kaiser issue. Cathy responded that there are several retirees interested in this plan, so it won't be only the young and healthy. If several people enroll in the HDHP, this will help the whole pool and help the self-insured plan as well.

The following High-Deductible Health Plans (HDHP) are being proposed:

- CityCore HDHP with deductible of \$1,600 per member / \$3,200 family. Retirees can expect a 15% decrease in monthly premium by electing this HDHP plan over the CityCore non-HDHP.

Betsy Ames asked why the proposed change in out of pocket maximum for the CityCore non-HDHP (\$2,500/\$5,000) is on a ratio of 1 to 2 while the deductible is on a ratio of 1 to 3 (\$250/\$750)? What will the cost impact be to change the deductible to a 1 to 2 ratio?

Stephen Caulk responded that the cost for deductible amounts are higher, but it can be cost out by Aon.

Anne Thompson from Aon continued with the renewal report:

- Regulatory changes – ACA and other Federal requirements were described.
- Massage therapy are currently not covered but City is proposing adding a massage therapy benefit of 6 visits per year at a \$20 copay for in-network providers only. Adding this benefits will cost about 0.5% increase. Moda ran a utilization report which showed 1,485 CityCore unique members had a massage therapy claim, 623 of which had more than 6 claims. These massage therapy visits have been covered based on CPT codes being used related to chiropractic services.
- The City is entering the second year with Express Scripts; there are no renewal changes, same services will be provided. Cathy informed the committee of an Anti-Inflammatory specialty program (disease related program) offered by Express Scripts which may be a good addition to the City. Cathy will request information from Express Scripts relating to number of members impacted with this program and whether being grandfathered into the program is an option. Cathy will send program information to committee members when available.

Mark Gipson asked if Kaiser offers a massage benefit now. Cathy responded that it is currently not covered and a rider is needed to cover such benefit. Mark commented that adding this benefit can help with choice.

Jon Uto asked what percentage of public employers offer the massage benefits. Aon will obtain this data.

Betsy Ames asked how long the service for the massage benefit is for. Half-hour? An hour? Aon will obtain this information.

- Stop loss - Last year the City moved from Moda to Zurich as the CityCore plan stop loss provider. Zurich has come in with a 11.2% renewal rate increase; this includes payment made to Moda as an administrative fee for reporting, so it's really about a 10.2% increase. This renewal information is preliminary as stop loss vendors do not provide renewal information until about April. Moda also

provided a stop loss quote with a -1.8% renewal if the City moved to Moda as the stop loss vendor.

- Dental – The city pays Moda for administrative fees, which would be a 2% renewal increase. Aon recommends moving forward. Optional dental benefits to include within the buy-up plan include:
 - Add 2 additional periodontal maintenances per year; currently covered once in a 4-month period.
 - Cover full mouth debridement once in a 2-year period to align with Oregon pediatric dental benchmark; currently covered once in a 3-year period.

Stephen Caulk continued with the preliminary renewal report:

- Kaiser Medical – 1.4% increase
- Kaiser Senior Advantage – 2% increase
- Kaiser Dental – No change
- VSP has provided a 5.5% increase for renewal with current plan. VSP is recommending the City move from the Signature Plan network to the Choice Plan network. Doing so would provide benefit enhancements, increased benefits, and would decrease the renewal by 7.35%. What drives this cost is contracting being more favorable under the Choice Plan network. Under the buy-up plan, there has been some confusion as to why everything is covered every 12 months except the frames which is covered every 24 months. By moving to the Choice Plan network and changing the frames to 12 months would increase renewal rate by 8.71% for the buy-up plan. If the City decides to change the network, it would need to be changed for both the VSP basic and the VSP buy-up plans.
- Life & Long-Term Disability insurance premiums – No change
- EAP with Cascade Centers – No change, currently on second year of contract. A question was raised as to how many people access EAP, how often, and how many visits? Cathy responded that utilization is high and can obtain utilization reports to share with the committee.
- FSA – No change. The federal maximum is increasing from \$2,550 to \$2,600 for 2017.

5. 2017-18 Plan Design Options/Discussion

Discussed in conjunction with prior agenda item.

6. High Deductible Health Plan

Stephen Caulk went over federal HDHP guidelines:

- When enrolled as a family in a HDHP plan, deductibles and out-of-pocket maximums are subject to the family limits instead of the individual limits.
- A question was raised as to what utilization would be needed to see savings for the HDHP. Stephen responded that the savings would come from upfront premium savings, lower retiree premium, and will allow the choice for active employees who may not choose to obtain preventative exams.

- For someone enrolled in the HDHP, they would need to pay 100% of discounted services rates to the provider until they have met the deductible. Once the deductible has been met, the plan starts paying coinsurance.
- When enrolled in a HDHP and an HSA, one cannot participate in a medical FSA; can only participate in a limited purpose FSA for dental vision expenses only.

Craig asked if the Kaiser cost to introduce the deductible and change the out of pocket maximum will save about \$600,000? If that is the case, it would not be enough savings to make these changes but understands the purpose to close the gap with the CityCore plan and maintain choice. Cathy responded that it's important to think about what the actuarial value should be for Kaiser. On the HDHP plan, there should be no perception that people should enroll in the HDHP; people should think about getting a preventive exam and detect chronic conditions timely.

Mark Gipson asked why the HDHP is needed if it does not change the 95/5 cost share. Cathy responded that there is a changing market and retirees having been asking for this plan. Mark added that medical care from retirement to Medicare is the biggest hole in the City's benefits package; it drives people's decision of when to retire because of the high cost. He would like to see how to bridge this gap; it is a piece that is missing.

Craig asked when a decision needs to be made for renewal. Cathy responded that in March.

7. Other Business

None

8. Public Comment

None

9. Next meeting will be Tuesday, February 14, 2017, Bull Run Room, 5th Floor Portland Building at 1:00 PM to 3:00pm.

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