

## LMBC Meeting Minutes

February 14, 2017

Bull Run Conference Room, 5<sup>th</sup> Floor, Portland Building  
Attendance

### ***LMBC Members present***

Alan Ferschweiler  
Mark Gipson  
David Rhys  
Jamie Burrows  
Amy Bowles  
Amy Archer  
Craig Morgan  
Jon Uto  
Jay Guo  
Betsy Ames  
Deborah Sievert-Morris  
Tara Anderson

### ***Staff***

Cathy Bless  
Santos Aguilar  
Kourosh Ghaemmaghami

### ***Other attendees***

Anne Thompson (Aon)  
Shelly Zhao (Aon)  
Claudio Campuzano (CBO)  
Elliot Levin (PTE 17)  
Paul Cone (PTE 17)  
Individual providing public comment (to protect identity of this person, it will not be listed)

### ***LMBC members absent***

Stephanie Babb  
Suzanne Kahn

1. Call to Order: Co-Chair Alan Ferschweiler facilitating; meeting called to order at 1:07 p.m.
2. Minutes for the January 10, 2017 meeting were reviewed and approved as written with Craig Morgan changed from absent to present.
3. **Self-Insured Plan Experience Reporting** – Kourosh Ghaemmaghami reviewed the claims summary reports.
  - Medical Claims are 2.6% below compared to this time last year.
  - Prescription Claims are 16.2% above this time last year; rebate check has not been received from Express Scripts. Shelly Zhao has heard it will be mailed by end of this month, which is expected to be about \$350,000. Kroger may also provide a rebate check; however, it is expected to be small.
  - Overall, medical/dental/prescription claims are about the same compared to last year this time. Year-end forecast is about 52-54 million dollars.

Cathy mentioned that claims experience from Express Scripts has moderated a little and is being monitored closely. Hep C medications caused a spike in claims which normally would not have been seen. About 38% of claims are related to specialty medications which add significant cost to the plan. Generic medications volume and cost have been competitive with Kroger. It is a unique year with prescription claims due to Hep C, which makes it difficult to compare with previous Kroger claims. Another cost driver for prescription claims are diabetes medications. Betsy Ames asked if diabetes patients are under the health foundations program? Cathy confirmed they are eligible to participate.

#### **4. 2017 Preliminary Renewal Information –**

Cathy Bless began the renewal discussion reminding the committee that part of the renewal process is to continue conversation in regards to Kaiser and how best to balance this high value

plan against the self-insured plan, which the LMBC is responsible for. What is the appropriate value to attach to the Kaiser plan? As a reminder the CityCore is at an 84% actuarial value while Kaiser is about 94%. Choice and sustainability of the plans are important. Current Kaiser plan design has been the same since at least 1994 with the only intentional LMBC change being a copay change from a \$5 copay to a \$10 copay about 11 years ago. The Kaiser family premium is higher than the CityCore premium and that is not a sustainable way to look at the plans. While the CityCore experience is going well and continues to go well, we continue to see younger members going to Kaiser. Although plan choice is currently at 63% CityCore and 37% Kaiser. For employees 34 and younger, it is 60% CityCore and 40% Kaiser. This shift is an important distinction.

Anne Thompson & Shelley Zhao from Aon went over preliminary renewal information - Renewals are looking similar to what was provided last month.

- A new change is regarding the Flexible Spending Account administration fee provided by BenefitHelp Solutions (BHS) which is going up by 50 cents per employee per month. Cathy added that an RFP was issued for the services currently provided by BHS but there is no way to implement for July 1, 2017 due to timing; a 1-year renewal has been offered to BHS for continued services.
- No changes for self-insured plan renewal for services provided by Moda
- The City will be implementing a High Deductible Health Plan (HDHP) option. If a participant enrolls in an HDHP plan they would not be able to open an HSA if they also have a VEBA account; this includes retirees. They can have an HDHP and can use VEBA funds instead of an HSA. Aon will clarify rules on HSA/HRA. The premium differential for retirees who elect the HDHP is expected to be about 15%
- CityCore plan is expecting a 3% renewal increase. City is proposing lowering CityCore deductible & out of pocket maximum with no additional change premium cost.

Craig asked How much in reserves would it cost to buy down the plan changes (deductible/out of pocket max) for CityCore? Cathy responded that it's about \$700,000. Total current reserves are about 18 million. If it wasn't bought down, it would cost about an additional 1.5% premium increase.

Jay Guo asked how the younger employees are being impacted if the purpose of the HDHP is for savings for retirees and an option for those employees who do not want to comply with the preventative care. Cathy responded that new employees coming from other employers who already have HDHP's and HSA's in place may want to continue the same type of plans. She expects very little enrollment from those coming from other employers.

- Previous discussion was adding 6 visit massage therapy benefit to the CityCore plan. Aon asked Moda to run utilization reports on previous massage therapy claims. For the period of July 2015 thru October 2016, there were approximately 13,714 claims at 15 min increment per claim. These claims include billing by massage therapists and physical therapists. 1682 of the claims were out of network with 1485 unique CityCore members. Moda noticed these types of claims and eff 1/1/2017, they began denying these type of claims. The City is making exceptions for members who have had coverage and have had these types of claims covered previously. These massage therapy claims have cost the plan about \$900,000.

Jon Uto asked if massage therapy is medically necessary? Cathy responded that the City has always excluded massage therapy; allowing 6 hours (however a participant may want use it) reaches about 95% of the people at relatively the same cost.

Jon Uto asked what the demographic of people use this benefit? Cathy responded that it is all over the place. There are people with pain who do not want to use medications; this allows non-drug care; massage is preferred treatment for people after surgery. The City's recommendation would be when people seek services through an in-network provider, it would be covered. However, Moda's list of providers is adequate but would provide discounted services and is clearly a benefit that people are using.

The new massage therapy benefit discussed would cover massage of up to 15 minutes per session with 6 hours total for the plan year; it would be an educational process to communicate with folks regarding total hours of massage time available. Cathy would prefer to leave it at a \$20 copay for massage therapy. The contract between Moda and providers shall say how they will be billing for services.

The question was raised as to how much it would cost for 12 hours of massage therapy benefit? Shelly responded that Aon looked at 9 hours and would be about \$50,000 more. Aon will look at costing for 12-hours of massage therapy benefit.

Amy Bowles asked if Moda is denying chiropractic services beginning April 1<sup>st</sup>. Cathy responded that Moda is implementing prior authorization for acupuncture and chiropractic services but this does not apply to the CityCore plan; this applies only to Moda's insured book of business. Practitioners are informing members of these changes which is causing confusion. Cathy has asked Moda to recommunicate with providers regarding coverage for CityCore members, as they will not be subject to prior authorization. Cathy is meeting with Moda to talk about this change and there is no interest from the city to add this. Current CityCore services requiring prior authorizations mostly include inpatient hospital stays, outpatient services, chemical dependency and CAT scans.

Shelly continued with the preliminary renewal information. The City entered a 3-year contract with Express Scripts as of July 2016, there is no change to service fee. Express Scripts did propose to add an inflation protection program with no cost increase to the City. This program would add price controls to medications and may provide higher rebates to the City; there will be no change in current formulary. This program is offered at this time due to the City being with Express Scripts for a year; this is only an added benefit.

Another program available with Express Scripts is an inflammatory care value program. For current members using inflammatory medications, there will no change. However, for new members, Express Scripts will place members in this program with a restricted formulary but allows members to appeal if they do not agree with medications provided under the program formulary. Express Scripts projects \$80,000 in savings by adding this program and will not add additional cost for administration of the program. Aon suggests this is an appropriate program to add.

Cathy mentioned that she turned down a request from Express Scripts to remove dispense as written. Currently, if a doctor writes a prescription, a pharmacy can fill with a generic medication but when a doctor states to dispense as written, pharmacists have to prescribe medications as written. For example, if a doctor prescribes a brand name medication, pharmacies would need to provide the brand name medication and cannot provide a generic version of the medication. Express Scripts wants this changed, however due to impact to members, Cathy would not like this changed.

Another program offered by Express Scripts is a cancer step therapy program which is fairly new and Cathy does not feel comfortable adding this program at this time. It may not be reasonable to add until there are further details.

Anne Thompson continued presenting preliminary renewal information which shows no change from last month's report. The following items were pointed out:

- Night guards was an added benefit last year. Jon Uto asked if utilization report for night guards can be provided. Aon will request from Moda.
- Kaiser change in accumulation period 1/1/16 – 6/30/17 added cost of 1.4% for renewal.

A question was raised as to what the City fee pays for and whether it is included for Kaiser and CityCore. Cathy responded that the City fee pays for benefits staff as well as federal fees and taxes for being self-insured.

3 different Kaiser standard plans were presented which Kaiser typically offers to other groups. The presented plans include plan design differences in comparison to current City Kaiser plan such as including deductibles and higher out of pocket maximums. The current City Kaiser plan is a plan that Kaiser no longer offers to new business.

Amy Bowles expressed her concern about the model of increasing cost for Kaiser members and if adding higher coverage for CityCore can be looked at instead. Cathy responded that adding higher coverage to CityCore will add cost to CityCore. One of the values of the committee is to have a balance of sustainable choice whether that is in cost and plan design. This value has been eroded. Cathy understands the impact to Kaiser members who will not feel good about paying a deductible or higher out of pocket maximums but the premium will be slightly lower and that will make some difference. A goal with plan design changes is to help redistribute the way age demographics look and make individuals decide not just on out of pocket cost but also on what is best for their family.

Alan asked what the City is going to do with the savings from Kaiser. Cathy responded that it would depend on the bureau. Both the bureau and participants would see savings based on the demographics (family size) and how many participants from each bureau elect Kaiser coverage. Bureaus who have less Kaiser participants would save less, and vice versa.

Betsy stated that the City has been making incremental changes to the CityCore plan but has not done much with Kaiser and asked if Kaiser has any plans similar to what the City currently has. Aon does not know but will ask Kaiser. **UPDATE: There are still grandfathered plans out in the marketplace with similar plan design.**

Mark Gipson asked about adding transgender benefits. Cathy confirmed that it was added last year and Kaiser has added it to all of its book of business.

In regards to VSP vision, there is no change to renewal information provided last month however Cathy mentioned the impact to change networks is 1 provider with 37 claimants. Changing networks from the current signature network to the choice plan network would provide higher benefits such as increasing frame and contacts allowance and would also provide a 7.35% decrease for VSP renewal. Staying with the current network provides a 5.56% increase.

There is no new information to provide for ancillary plans (basic life, LTD, supplemental life, FSA, EAP), no change from what was reviewed last month.

Demographic comparisons between CityCore and Kaiser were presented. This report shows that employees with younger, larger family size are going to Kaiser. Overall, the CityCore plan has a higher risk factor; risk factor is based on gender and age band and is an indication of how costly the population is.

**5. Other Business**

None

**6. Public Comment**

The following public comments were provided:

- A participant of the plan; an observer during the meeting, provided public testimony in support of the having a massage therapy benefit.
- Claudio Campuzano commented that people really value choice as indicated on benefits surveys however out of pocket amounts have been a factor in making plan elections.
- Elliott Levin spoke about legislation HB 2387, which looks at limiting prescription costs; he mentioned Kaiser and Moda have signed on to this bill. Elliott asked what would be the process for city government relations to look into this bill. The LMBC committee members would like to have a discussion on this topic in future meetings.

**7. Next meeting will be Tuesday, March 14, 2017, Bull Run Room, 5<sup>th</sup> Floor Portland Building at 1:00 PM to 3:00pm.**

**8. Meeting was adjourned at 2:56 p.m.**