

LMBC Meeting Minutes

March 14, 2017

Bull Run Conference Room, 5th 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
Suzanne Kahn

Staff

Cathy Bless
Santos Aguilar
Kourosh Ghaemmaghami

Other attendees

Anne Thompson (Aon)
Stephen Caulk (Aon)

LMBC members absent

Stephanie Babb
Tara Anderson

1. Call to Order: Co-Chair Betsy Ames facilitating; meeting called to order at 1:07 p.m.
2. Minutes for the February 14, 2017 meeting were reviewed and approved as written.
3. **Self-Insured Plan Experience Reporting** – Kourosh Ghaemmaghami reviewed the claims summary reports.
 - Prescription claims have slightly lowered from about \$500K to about \$330K for the last wire. Overall claims are still about 17% higher compared to this time last year. Cathy Bless mentioned that a rebate check has been received from Express Scripts for an amount of about \$350K; prescription claims are the main concern and will continue to be monitored closely.
 - Medical claims are running about same compared to this time last year.
 - Dental claims are running about 2% higher compared to this time last year.

4. 2017 Renewal Information, Plan Design Vote on Recommendations

Anne Thompson went over renewal options to be voted on. Last month's renewal report showed incorrect premiums for the Kaiser alternative plans, correct premium rates have been provided by Kaiser and has been corrected within Aon's renewal report.

VSP network changes: Changing the network from the current Signature network to the Choice network provides a negative effect of 1 provider impacting 27 members. The positive impact includes cost savings of about 7.35% for renewal and provides a higher allowance for frames and contacts.

For the VSP buy-up plan, frames are currently covered every 24 months; covering frames every 12 months to match the lenses coverage frequency would cost an increase of 8.71% for renewal to

the buy-up plan premium. Leaving frames covered every 24 months would provide a decrease of 16.31% to the buy-up plan premium.

Craig Morgan asked about the change in costs and if it is directly related to the frames. Anne confirmed that is correct, as frames are the most expensive item covered under the plan.

Jon Uto asked if having frames covered every 12 months is really worth it when lenses are more important. Jamie Burrows responded that frames are also important, as frames tend to break and would be nice to have a secondary pair in that case. Amy Archer added that having the frames allowance every year provides the option to also have backup glasses. Cathy mentioned that the buy-up plan is optional and is a popular plan.

Jon asked if the vendor impacted by the network change serves a population in underserved neighborhoods. Cathy responded that VSP has not provided vendor information and will provide assistance to those individuals impacted by the network change.

VSP Renewal Vote:

- Committee voted 14-0 to change the VSP network from signature to choice network.
- Committee voted 14-0 for the VSP buy-up option 2, which changes frames coverage frequency to every 12 months instead of 24 months.

Delta Dental Vote:

These are added benefits with no impact to members and no cost increase.

- Committee voted 14-0 to add additional periodontal maintenance coverage.
- Committee voted 14-0 to add enhancement for full mouth debridement coverage for members under age 19.

Express Scripts program options Vote:

- Committee voted 14-0 to implement ESI's inflation protection program – This program would provide additional rebates to the City. There is no negative impact or additional cost to add this program. ESI is able to offer this program at this time as the City has been with ESI for a year and now have 1 year of data to base program off of. There are guaranteed savings by implementing this program but ESI was unable to provide estimated savings amount.
- Committee voted 14-0 to implement ESI's inflammatory care value program - This program is estimated to save about \$85,000 annually. The primary purpose of this program is to offer medications within a formulary category for each inflammatory condition. Jaimie asked if ESI currently does this for medically necessary medications. Cathy responded that it is currently done for cholesterol treatment. Alan Ferschweiler asked if this would close the formulary even more. Cathy responded no and that there are protocols for medications prescribed. ESI believes this program will ensure people are on the right medication so that there isn't waste and are therapeutically appropriate for the diagnosis.
Jaimie asked how ESI came up with the \$85K savings. Cathy responded that ESI now has a year of data for the City's usage for these medications and used this date to come up with the estimated savings. Stephen Caulk added that inflammatory medications are the highest cost group; this is ESI's program to try to control that.

Betsy Ames questioned whether a vote is necessary for stop loss insurance. Cathy responded that the design of the stop-loss is not changing, so a vote was not needed. The City should will go with

the lowest cost. Mark Gipson asked if anything has changed with the reserves. Cathy responded that moving to a \$1 million stop loss last year changed premium from approximately \$25 to \$5, the \$20 difference was built in the reserves for protection. Mark's concern is to not lower the reserves that were set in place for stop loss protection.

HDHP

Anne informed the committee that the High-Deductible Health Plan (HDHP) participants can be offered maintenance medications coverage that ensures access to these important medications. All other medications would still be subject to the deductible and then paid at the appropriate co-insurance.

There is no premium share for members electing the HDHP plan however pooling between CityCore and HDHP will be together. Retirees will pay full premium and the City is not expecting to see a major shift of active employees moving from CityCore to the HDHP plan. Jaimie asked what is the cost for an HDHP plan for retirees only. Cathy responded that the City cannot offer an HDHP plan for retirees only; retirees are offered the same plan that is available to active employees. Implementing an HDHP plan for non-represented employees is moving forward and has been agreed through certain collective bargaining agreements and embedded in some contracts.

Craig mentioned that HDHP plans are attractive to retirees and the 22 year olds who see no cost and asked if a high number of young and healthy members move to the HDHP plan, will the cost of the CityCore plan go up due to collective pooling? Cathy responded that it is unlikely to see a shift from CityCore to HDHP and due to CityCore being a self-insured plan the City can take a closer look and make decisions on costs.

On the same note, Alan asked if Kaiser members below age 34 jump into the HDHP plan will the cost to Kaiser go up? Stephen responded that the cost between the HDHP plan and the Kaiser plan will not be significant, \$0 to about \$300 annually for employee only, so it is not expected that there will be a major shift.

HDHP option 1 – Deductible \$1,600/\$3,200, out of pocket maximum \$3500/\$7000

HDHP option 2 – Deductible \$1,600/\$3,200, out of pocket maximum \$4,000/\$8,000. Because of the higher Out-Of-Pocket maximum, premium is lower.

Committee voted 14-0 to add HDHP option 2.

CityCore/Kaiser medical plan design Changes

- *CityCore changes include adding massage benefits and lowering annual oop max*
- *Kaiser plan design changes include 3 different proposals ranging from adding a deductible and increasing annual oop max.*

Cathy provided additional information regarding massage benefits for the CityCore plan – Moda has been able to look at massage therapy claims for the City and not all codes, as Moda led this group to believe, are being denied. It has been calculated that only about 25% of the codes are being denied. This means that much of the services that people have had will continue to be covered. Adding a massage benefit is still important, however with 75% of the codes still being covered, it may not necessary to add 9 hours of massage benefits and can stick to the 6 hours with a \$20 copay per visit, regardless of length of visit.

Betsy asked what the codes being covered are. Stephen responded that the codes are from chiropractors, there are codes more appropriate from massage therapists that would be denied; so it matters who does the billing.

Mark Gipson asked if the CityCore plan changes can be looked at independently from Kaiser because they are currently bundled for voting. Cathy responded that the Kaiser plan design changes are important and help to create balance and ensure continuation of choice between plan options. The Kaiser design has not been changed since sometime in early 2000's, which changed copays. This is the one way to move forward and it should not be unbundled.

Betsy expressed her concern being that because Kaiser is an insured plan, the City does not benefit from the continuing rise in premium cost, the City cannot get any money back from Kaiser and it is important to look at the Kaiser plan changes to control cost.

Craig asked if there is a voting option for CityCore changes and status quo for Kaiser. David Rhys responded that it can be done but it would be a process to change the voting option.

Mark proposed a vote to split the voting option and indicated that labor may need time to think about it. Cathy responded that a decision needs to be made in order to move forward in creating rates and setting up plans in the benefits enrollment site for testing prior to open enrollment.

Jay Guo mentioned that he would base his decision on City cost and to balance the plans.

Alan made a motion to accept CityCore changes without changes to Kaiser. Craig then changed the motion to add 4th voting option, which includes accepting CityCore changes and no changes to Kaiser. No decision made on this motion.

Craig expressed his concern being because Kaiser does not offer the City's current plan in its book of business, Kaiser will not offer this same plan if the City leaves and later wants it back. Additionally, Craig mentioned that on the various Kaiser proposals, regarding actuarial value, the City would be overpaying for proposal options 1 & 3, only proposal 2 make a favorable ratio value. Stephen mentioned that Aon noticed that as well but Kaiser values the deductibles more.

Craig asked if a Kaiser plan proposal is taken, will the City be grandfathered back into the current plan if the City decided to go back. Cathy responded the plan would no longer be available to the group.

Jaimie motioned to vote at the latest possible time. Amy Archer asked what the issues are so there can be further discussion regarding any issues. Mark indicated that he needs to talk to his group and is not convinced that making changes to Kaiser is a bad idea but just needs to talk to his group about the proposed changes.

Cathy mentioned that when the City attorney came in to talk to the committee regarding committee meetings, the attorney indicated that groups cannot meet to discuss. Cathy added that the interest of the Benefits office and BHR is to not only continue looking at the CityCore plan, but Kaiser as well.

At some point within the discussion, a vote was taken to split the bundle. The Committee vote was 9-5 to split the bundle. Alan felt a simple majority was enough to break the voting bundle apart. There was a motion (person not captured, but likely Craig) to add a forth bundled choice 1(d) which would include the CityCore massage benefit and lower out of pocket maximum without making the Kaiser changes. This vote failed 11 yes – 3 no.

Committee took a 10-minute break.

When the Committee came back, Mark made a motioned for no changes to Kaiser plan, Alan seconded the motion. Committee vote failed 7 yes – 7 no. It is also recorded that a second vote was captured on making CityCore changes only, the Committee vote failed 10 yes – 4 no.

Jaimie motioned to accept changes to CityCore, massage benefit only. Mark seconded. Committee vote failed 8 yes – 6 no.

No further voting or recommendations will move to Council on CityCore or Kaiser plan design changes.

5. Other Business

None

6. Public Comment

None

7. Next meeting will be Tuesday, April 11, 2017, Bull Run Room, 5th Floor Portland Building at 1:00 PM to 3:00pm.

8. Meeting was adjourned at 3:14 p.m.