

LMBC Meeting Minutes

July 11, 2017

Bull Run Conference Room, 5th Floor, Portland Building

Attendance

LMBC Members present

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

Staff

Cathy Bless
Jeannine Herrera
Kourosh Ghaemmaghami

Other attendees

Anne Thompson (Aon)
Stephen Caulk (Aon)
Elliot Leven
Paul Cone (PTE17)

LMBC members absent

Alan Ferschweiler
Stephanie Babb
Amy Archer
Suzanne Kahn

1. Meeting Call to Order: Co-Chair Betsy Ames facilitating.

Announcements from Cathy Bless: Introduction of Jeannine Herrera, new staff member and minute taker. Retiring: Deborah Sievert-Morris and David Rhys are both retiring, therefore this is their last LMBC meeting. Thank you for your dedication and support to the committee.

Completion of introductions.

2. Minutes for the April 11, 2017 meeting were reviewed and approved as written.

3. Self-Insured Plan Experience Reporting -Kourosh Ghaemmaghami reviewed the claims summary reports.

2016-17 Fiscal Year Reporting and Discussion.

Kourosh reviewed the 2016-2017 Fiscal Year Reporting:

- Claims were down 2.3% over the prior year until June. Claims equaling 5 million dollars were paid in the month of June so we will be looking how this affects the plan's overall experience.
- Prescription drug claims were offset by strong rebates, as was expected. Overall prescription claims when offset by rebates was only up 3% over the prior plan year.

Cathy discussed the 2016-17 Fiscal Year Reporting:

- June did include an additional Friday in the month, so it would have been expected that June was going to be a high month. There were also some large claims that developed over the second half of the year and paid as the plan year closed.
- Even with those large claims, the changes made to stop/loss does save the city money because it was not left on the table as (Zurich).

4. Cathy Bless gave an Annual Enrollment Update:

- Highest enrolment (best year in 5 years) for people who went online. Still isn't half way- 43% went online to make changes.
- The Benefits office grapples with whether we should make it mandatory to go online because it's such an important benefit (would be nice for EE's to review). It does end up being a lot of work on our part (due to flexible spending account changes that they have not done, significant amount of clean up, etc.).
- Less than 30% have beneficiaries in the system, which is low and this would be another reason to consider a mandatory enrollment. The process is easy and can be done by any device (IPad, phone, laptop, etc.).
- There is a 50/50 split between CityCore and KP plans for new hire enrollments.
- We say a spike (more than 90 people) added dental buy-up. Didn't see the same spike with vision (maybe 20 or so folks) but popularity of dental buy up continues to grow. It's more word of mouth as far as communications go for these benefits.
- 23 participants enrolled in HDHP, 11 were employees and 12 were retirees. This does not include their dependents. As union contracts are settled, employees and retirees will have an option to enroll if they choose.

Deborah Sievert-Morris asked if there was any specific group(s) that are having a more difficult time going online to view and make changes to benefits. Cathy Bless responded that no, the problems are across the board.

Jay Guo asked about enrollment, and if an employee does not go online, do the benefits roll over into the next plan year. Yes, but not for FSA. The Benefits Office always sends out notices and information regarding FSA rollover, but we continue to have Employees who miss that election and end up not being able to enroll in FSA. Even with this, the number of Employees that elect FSA remains about the same from year to year (about 20%). The amount of annual elections went down a bit this year, probably due to rollover money being available. We are still experiencing the same level of forfeiture money as we did prior to implementing the rollover option (which is interesting because we would expect less). Any forfeitures pay the administrative costs of the plan so those costs are not passed to Employees.

Jamie Burrows asked about FSA rollover. If Employees don't go online, does FSA not rollover. Cathy told her No; the employee is still eligible for rollover, they just won't have any active current year contributions to their MERP account.

Jamie Burrows asked if there will be statistics at next meeting. Cathy Bless can send it. Forfeiture report is a fiscal year calendar and we might get that in January. There is a 90-day runout period that ends Sept. 30th. The forfeiture is calculated after this runout period ends, and then the check comes in around

January of each year. Cathy gave some explanation on the rollover (minimum of \$50 dollars and a max of \$500 dollars).

Jamie Burrows asked about the massage benefit. Cathy stated that when Shelly came back with additional reporting from Moda, it was determined that 75% of what is currently being paid under the plan would still be eligible for payment. Less people are at risk of losing massage benefit, and for participants seeking massage for medically necessary treatments are not at risk of losing any coverage. As a reminder, Moda changed how it paid claims back in January. Since we don't make mid-year changes, Moda needed to fix any prior claims it denied. Moda identified about 450 claims that needed to be reprocessed. Moda paid the providers any adjustments that were made. This would result in a credit to the patient at the provider's office that would go to pay for other services, or the patient could request a refund from the provider. Moving forward, for the new plan year, July 1, 2017, no further payments will be made on claims that are for non-medically necessary massage.

Jamie Burrows asked what is the definition of medically necessary and how can that be conveyed to the doctor so that correct codes are used and medically necessary services are approved. Cathy replied that the provider should be contacting Moda. Whomever is deciding what codes should be billed; should be contacting Moda to discuss any concerns/questions. It would not be appropriate for the Benefits Office to be providing codes to individuals or to providers.

Cathy Bless gave an update on Preventive Care Letters, and for covered unions and non-rep EEs, both Moda and Kaiser have sent out letters notifying employees of whether they met the preventive standard. Employees who enrolled in a plan that is a part of the preventive care initiative received the letter which states whether they met the requirement or not. These letters will also be sent out as other union contracts are settled.

Betsy Ames asked if someone goes to doctor every week but doesn't go to a "wellness visit" does that still count towards the Preventive Care Initiative requirement. Cathy told the Committee, Yes.

Amy Bowles expressed some concern over the next agenda item and whether it should be tabled until all committee members were present. Cathy stated that a general discussion at this point would still be a good idea, as it provides Aon with direction to take and bring back information at the next meeting.

5. Kaiser Plan Design overview discussion by Cathy Bless and Aon.

Anne Thompson provided an overview on the Kaiser Benefit Discussion, as well as a handout. Review of the report included:

- History of KP and CityCore plans
- Review of guiding principles (plan choice)
- Data on adjustments to CityCore plan over the last few years, showing also that no changes have been made to the Kaiser plan in the last 10 years.
- To keep better pricing differentiation, there are certain "levers" (plan design elements) that can be pulled to adjust the Kaiser plan.

Betsy Ames mentioned that a few years ago, LMBC made choices for CityCore via a screen with info, which enabled them to see how costs went up or down on a per member per month basis depending on how "levers" were adjusted. Is there any way for us to get the same sort of demo from Kaiser?

Unfortunately, because Kaiser does its costing and not Stephen, it would be difficult to assume we would get the same result.

Jamie Burrows discussed choice and access, and those discussions seem like conversations related to choose of doctors, services, etc. (except that CityCore offers naturopath, massage etc.) when we are talking about cost, what is the goal? Is it that they goal is continuity of price? Or are we trying to keep the prices separate? Jamie expressed confusion as to what the goal is for choice and access. Cathy felt the Committee could benefit from more discussion on the values document to help the committee come to consensus on what that means.

Jamie Burrows commented that she thought choice was strictly care received and doctor you see. If one plan is completely outside of affordability than that's not a choice.

Amy Bowles asked if levers are another word for "cuts" to the plan? For example, if she called it a "cut" vs a "lever". Cathy stated that a lever to pull is what benefit design pieces we are looking to change that could affect out of pocket costs. Betsy Ames commented that most levers would decrease the plan, and would some cost to participants who access care. The total premium would be a less, and this would result in a small decrease in cost to the employee.

Jamie Burrows asked if the goal is more people with Kaiser or less? Stephen Caulk stated that we want a good mix. Not cross subsidizing. As pool goes more to 50/50, we begin to lose sight of whether the employee has a true choice or not. We can't charge enough premium to cover risk at some point.

Craig Morgan discussed that there were 3 KP options back in May were discussed, one was a slight reduction in KP, but kept us eligible to be grandfathered, is there still some amount we can change without crossing, while maintaining a grandfathered plan? It will depend on whether Kaiser is willing to change the existing plan. However, we need to look at the benefit program as a program and not just CityCore. Kaiser family premiums exceed the cost of self-insured plan, so we need to have those kinds of difficult discussions and strategies.

Betsy asked if can we get some historical data as far as what changes have been made to the CityCore plan over the last 5-10 years? Jamie Burrows and Tara Anderson asked if we can get results from survey for last few years? One of the interests expressed by this Committee, Council and employees is that the benefits program offers choice and flexibility in plan options. The current offerings concentrate the "choice" primarily on cost and while that is an important consideration, we want to ensure folks can make a "choice" based on other elements of plan design as well. As previously stated in many meetings, we need to have discussions around intentional decisions, not forced decisions based on a set of circumstances.

Cathy will send out the information requested before the next meeting.

6. Other Business: (as time permits)

Excise Tax: Steve Caulk commented regarding the excise tax. Currently the excise tax goes into effect in 2020. If this date holds, plans will have difficulty in how the rules should be applied because the current law doesn't tell you how to calculate the thresholds. Based on what Aon is knows (as shown in the hand-out) all plans will be well under the limits and will not affect the City now.

Cathy Bless reminded the Committee of BHR's impending move to the Columbia Square Building. Additional information will be sent out as to where future meeting will be held, once the information is available.

7. Public Comment: none

8. Next Meeting: Tuesday, September 12, 2017, location TBD. The meeting will begin at 1:30 PM (this meeting was cancelled because of the PFFA Arbitration)

The Labor Management Benefits Committee is a City of Portland Committee. A quorum of twelve (12) voting members is required for the committee to take action and make recommendations to City Council related to healthcare benefit plan design. Committee meeting minutes do not require a vote for approval but will be approved by consensus. Public comment is provided at the end of the meeting for observers to comment and/or ask questions. For information on past meetings and information, please use the following link: <https://www.portlandoregon.gov/bhr/60646>