

LMBC Meeting Minutes - Draft
November 14, 2017
8th Floor Conference Room, Columbia Square Building
Attendance

LMBC Members present

Mike Abbate
Betsy Ames
Tara Anderson
Tom Armstrong
Dave Benson
Jamie Burrows
Alan Ferschweiler
Mark Gipson
Ashlie Grundy
Jay Guo
Craig Morgan
Rachel Whiteside

LMBC members absent

Stephanie Babb
Jon Uto

Staff

Cathy Bless
Anne Hogan

Other attendees

Stephen Caulk (Aon)
Anne Thompson (Aon)
Emily Mungo (Aon)

Presenters

Claudio Campuzano (CBO)
Lindsay Ferrin (Moda)
Lori Armitage (Moda)
Sara Eide (Healthy Foundations/Moda Health)

1. Call to Order: Co-Chair Alan Ferschweiler facilitating; meeting called to order at 1:33 p.m. Introduction of new Committee member Ashlie Grundy, Diversity, Outreach and Employee Resource Manager who will be taking the place of Serilda Summers-McGee as she moves into her new position as HR Director.
2. Minutes for the October 10, 2017 meeting were reviewed and approved as written.
3. **Self-Insured Plan Experience Reporting**
 - Cathy Bless discussed the hand-out showing the Loss Ratio reporting for the start of our current plan year, from July to October of 2017. The loss ratio percentage is calculated by comparing the amount of revenue coming in to expenditures paid out to vendors and includes admin/stop loss fees, medical and prescription claims. This report includes only self-insured plans. Insured plans, PPA and CityBasic participants are excluded. Enrollment numbers include active members, retirees and COBRA participants (dependents not included in the counts but are included within the claims). Any rebates received from Express Scripts are credited within the claims. Rebates received within the 1st quarter is valued at more than \$425K.
 - A loss ratio percentage of less than 100% is good and the City's combined, overall percentage is at 98%. The COBRA loss ratio percentage is 420% and the retiree percentage is at 151%--but there is the expectation that these two groups will always be higher than 100% because they are an older population who need more services. There was a question asked whether we ever review Kaiser's numbers/costs; Cathy replied that it does happen and both Kaiser and Express Scripts (prescription vendor) will be here to present at our next meeting in December.
 - Cathy offered to meet with members on a one-on-one basis to discuss financial issues and address questions about stop loss coverage or loss ratio percentages members may have. She stressed that meetings in January and February will be important because the committee has a March deadline to finalize any recommendations about plans for the

upcoming coverage year. The deadline is important so that benefits staff have time to update plan documents, and configure changes and rates before annual enrollment.

4. Health & Benefits Framework/Introduction (Steven Caulk with Aon)

Steven Caulk, an actuary with Aon, provided a broad overview of principles for self-insured underwriting, changes in the market place, prescription drugs, and health care trends.

- Since 2013 there have been significant market place activity with the introduction and availability of the new Hepatitis C drugs; this has created a dramatic cost increase and change in treatment options for patients. Because of this and the rise of the pharmaceutical rebate program, claim costs and utilization of specialty drugs increased. This increase in specialty pharmacy costs is a trend that is and will remain a concern.
- Market consolidation between companies has also been a continuing trend over the last three years (Rite Aid acquires EnvisionRX, Walgreens acquires Rite Aid, etc.)
- CAR T-cell therapies is viewed as a paradigm shift to personalized medicine. These therapies train the body to fight disease through genetic manipulation. Novartis' Kymriah is the first ever FDA approved CAR T-cell therapy for blood cancer and they have set the price of treatment at \$475,000.00 per patient. This will have negligible impact to our plans in the short term but the long-term impact of such treatments remains to be seen.
- The potential ACA changes in covered services will have little impact to City's group plans, though potential Cadillac tax changes may have some impact to plans and will be something to watch.
- Factors affecting insurance trends: employer health care inflation will continue, utilization will increase with unhealthy and older population needing more services, healthcare industry is going through transformation as pressure to improve outcomes continue ("skin in game"), pharmaceutical companies continue to gain pricing power with pipeline of new and more expensive drugs, cost shift from individual marketplace to employer plans to make up for loss in revenue
- Factors affecting pharmacy trends: generics continue to be majority of prescriptions but are a smaller portion of costs, increase in use of manufacturer rebates, specialty drugs only account for 1-2% percent of prescriptions but account for 31% of cost (may rise to 50% in three years, if not sooner)
- Express Scripts, the City's prescription vendor for Moda participants, provides a restricted formulary and large network while Kaiser uses a closed formulary and network
- Overall claims trend for Moda/CityCore has been and will continue to be moderate (employee utilization has remained a consistent 4% since 2010-11 coverage year).

Betsy asked if advertising by drug companies has an impact on these trends and Stephen agreed that there is some evidence that people are steered to particular drugs by these ads.

5. Moda representatives reviewed the annual report for the 2016-17 coverage year for the self-insured medical and dental plans (Lindsay Ferrin and Lori Armitage)

Account Representative Lindsay Ferrin introduced colleague Lori Armitage who began with an overview of the current demographics of City membership as of September of 2017.

- There is a total of 8,938 members (3,703 employees and 5,235 dependents) who are enrolled in the Moda/Citycore medical plan. The average age of both employees and dependents is 35.4, which is in line with other public entities. There has been an increase in overall membership from July 2016 (8610 members) to June 2017 (8759 members) due to an increase hiring by the City

Regarding utilization of services or medical claims, there were 1465 members who did not seek medical services between 7/2016 to 6/2017 but it is a lower percentage than other public entities—15% compared to 19%. Most members (2,294) sought services that cost between \$500 - \$1,500 (total of \$2,124,120), which is in line with other public organizations.

City members' prospective risk score (predicts future medical risk) and retrospective (calculates average risk for previous 12 months based on claims data) risk score is better than other public entities indicating better experiences and outcomes: .84 compared to 1.0

- There were 155 members who had both medical and prescription claims that totaled over \$50,000.00.
- Pregnancy and childbirth was the most common reason for in-patient hospital admissions though there was a 30% decrease from the prior review period; Legacy Emanuel Hospital had the highest number of member admissions at 7.7 per 1000 admits.
- There has been a downward trend in emergency department visits and utilization and the top reason for a visit was abdominal pain (74 visits).
- Currently, the percentage of spending by diagnosis was highest at 19.2% to treat musculoskeletal and connective tissue disease (e.g. osteoporosis)

Regarding member engagement to monitor a chronic condition, depression is the most common condition that members undergo treatment for at a 3.6% prevalence rate; city members' percentages are lower in prevalence rate categories when compared to other public entities in every category except for diabetes.

- There has not been much employee turnover or changes with the Delta Dental/Moda coverage. 44% of members (4,559 members) saw their dentist for a preventive exam/treatment, which is a higher number than other public entities (usually in 20% range)
- 27% of members (2,794 members) did not go in for any type of visit
- Preventive services made up the highest percentage of spending at 22.3% and crowns/inlays came in second at 20.5%.

6. Other Business

Because of the March deadline for plan decisions impacting the upcoming coverage year, there will be additional meetings in January and February (2nd and 4th Tuesday).

7. Public Comment - None

8. Next meeting will be Tuesday, December 12, 2017, 8th Floor Conference Room, Columbia Square Building, from 1:00 to 3:00 pm

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