

LMBC Meeting Minutes

January 9, 2018

8th Floor Conference Room, 111 SW Columbia Ave
Attendance

LMBC Members present

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

Staff

Cathy Bless
Anne Hogan

Other attendees

Emily Mungo (Aon)
Paul Cone (PTE17)

Presenters

Stephen Caulk (Aon)
Anne Thompson (Aon)
Kourosh Ghaemmaghmi

LMBC Members absent

1. Call to Order: Co-Chair Alan Ferschweiler facilitating; meeting called to order at 1:33 p.m.
2. Minutes for the December 12, 2017 meeting were discussed and Betsy Ames noted some minor edits/typos including the incorrect meeting time listed (1:00 pm instead of 1:30 pm)
3. **Self-Insured Plan and Loss Ratio Reporting (Kourosh Ghaemmaghmi and Cathy Bless)**

Kourosh Ghaemmaghmi discussed the summary of medical and prescription wire transfers as of 12/31/17 as compared to the previous year:

- \$19,820.813 in total medical claims for the current year-to-date are up 13.4% over this period a year ago. This increase is due to large claims in December.
- \$4,877,791.00 in prescription claims for the current year-to-date are up 6% compared to the same period last year.
- \$2,876,751.00 in dental claims for the current year-to-date is 10.3% above the same period last year.
- The rolling 12-month total is \$56,490,588.00 an increase of 12% as compared to the previous 12-month rolling total of \$50,581,981.00.

Cathy reviewed the loss ratio reporting handout with the committee. The loss ratio percentage is calculated by comparing the amount of revenue coming in to expenditures that are being paid out to vendors and includes admin/stop loss fees, medical and prescription claims. Revenues and expenditures include only self-insured plans; Kaiser, PPA and CityBasic participants are excluded.

- For active employees, the loss ratio is 91%
- For retirees, the loss ratio is 166%
- For COBRA participants, the loss ratio is 400%
- The combined loss ratio is 99% and anything less than 100% is a positive outcome

Jay Guo brought up his concerns about the increase in claims and the 99% loss ratio. Cathy responded that the increase is due to a large retiree medical claim in December. Overall, the City is

collecting more in revenue because of the increase in hiring and retirees staying on the city plans because of the uncertainty in the individual marketplace. There likely is an increase in per employee per month (PEPM) costs.

Alan Ferschweiler asked whether the City had any claims that met the one million dollars stop loss threshold and whether the money funded to pay claims between \$350K and \$1 Million was held in a separate account. Both Cathy and Stephen responded, addressing different aspects of the question. No claims in excess of one million were paid last year, Stephen told Alan the expenses were more than what had been “set aside” to pay the claims and he has an exhibit provides additional information.

Alan also wanted to find out how the Preventive Care Initiative (PCI) is affecting medical claims numbers and costs. Cathy responded that we don't have this information yet but we will have Moda separate PCI claims and create separate categories to review and understand how this program is working.

Betsy asked if it would be possible to see the per employee per month costs of the plan and how they may have grown over time. Cathy answered that we do track it in separate spreadsheet and will make it available to members next meeting.

4. Preliminary Renewal Information and Recommendations (Anne Thompson, Steven Caulk and Cathy Bless)

Steve Caulk began the discussion by letting the committee know the self-insured plan renewal information reflects reporting through December. Additional workup of Moda numbers is needed and other reports will be updated as we move forward. Oregon Measure 101, the Healthcare Insurance Premiums Tax for Medicaid Referendum will have an impact on our renewal negotiations. If approved by Oregon voters on January 23, 2018, it will uphold certain assessments/taxes on healthcare insurance (individual health insurance policies) and the revenue of certain hospitals to provide funding for Medicaid expansion by approving five sections of House Bill 2391.

Alan asked if we knew how Measure 101 will impact our renewal costs and Cathy answered that it is yet to be determined as we're still unclear about the state's needs but it should not be larger than 1.5% as identified in the legislation.

Anne Thompson reviewed the 2018/19 Preliminary Renewal Report handout and began the discussion with the proposed total costs for the 2018-19 coverage year and the percentage change in premiums:

- There is a 7.1% proposed increase in Kaiser medical premiums
- There is a proposed .5% increase in Moda (CityCore) medical premiums (this increase reflects the health fund reserves used to buy down the premium costs)
- There are no changes to the Kaiser or Moda dental premiums
- There is no change to the Vision Service Plan (VSP) premiums
- There is no change to the Standard Insurance life or Cascade Centers' employee assistance program (EAP) premiums
- The new WageWorks (they will administer the Flexible Spending Account Program) contract will cost \$41,958.00 less, a decrease or percentage change of -35%

Jay Guo asked how much the proposed CityCore premiums would increase without the addition of health fund reserves? Anne answered that premiums would have increased by about 6%. A more detailed look at changes at the self-insured plan (CityCore) included the following:

- The Moda medical administration fee will increase by 1.4%--from \$27.41 per employee per month (PEPM) to \$27.80 PEPM; it includes services such as claims administration, customer service (designated phone line), annual reporting

As part of the renewal process Cathy talked about a proposed recommendation to lower the CityCore out-of-pocket (OOP) maximum to its previous level of \$1800.00 per person. Rachel asked what the current OOP maximum amount is—it's \$3000 per person and \$9000 per family.

Because it's the City's self-insured plan, it's in our interest to make it more appealing to new employees. Steve stressed the importance of keeping CityCore a viable plan option. Betsy asked if the plan would keep the current OOP max at 3 times the recommended \$1,800. Cathy responded the correct recommendation is to leave it at 3X. Betsy asked about the price difference of lowering the OOP to 2x the single. Stephen indicated it would likely cost an estimated .5% more.

Anne discussed the clinical enhancements (Page 9) that Moda is proposing.

- Their Healthcare Cost Estimator tool is an online tool that offers members a way to understand how much a procedure will cost, compare costs between providers and to be able to review their benefit accruals (amount they've met toward deductible)
- DME Preferred providers: Moda has contracted with Edgepark and Apria for durable medical equipment (crutches, wheelchairs, etc.) as a cost-effective way to streamline the process. Members will still be required to get a prior authorization and it won't affect availability of these items.
- Moda has partnered with eviCore to enhance their prior authorization services for Radiology (MRI, PET and CT) and certain Cardiology services. This utilization management service will include medical reviews for these services to ensure the City will avoid having to pay more for unnecessary services and treatments. The cost is \$.55 PMPM but Moda estimates that it will generate \$1.47 PMPM in claim savings.

Rachel commented that eviCore seems like a big cost savings for the money and how can they claim this savings? Dave Benson was concerned that there could be delays that could affect an employee's health. Cathy responded that it wouldn't affect employees who need emergency services but there's no guarantee we would recoup our costs. Mike Abbate added that this appears to be a Moda problem. Rachel added that it's going to cost us \$4000 per month to find out if this will be worth it. And Steve Caulk responded that this service won't necessary address the issue that these services can be more expensive when performed at hospitals versus clinics. Cathy added the cost estimator tool may help employees choose a less expensive provider for these services. There is no specific recommendation from the City, the eviCore service is an add on that Moda has requested over the past few years and the LMBC has not moved forward or inclined to pay for this additional service.

Anne talked about the change to CityCore's eligibility policy, a result of new ACA/Federal requirements (Page 10); when employees add a newborn to City coverage, employees will also have the option of adding their spouse or domestic partner to the plan if they are not already enrolled.

Moda recommended other benefits changes for consideration by the Committee (Page 11):

- Out-of-network Tobacco Cessation programs be paid at the out-of-network coinsurance rate rather than the in-network rate.
- Care outside the US will only be covered for an urgent or emergency condition (emergency services will still be reimbursed at the in-network benefit level).

Mike was concerned this change may affect employees who are dual citizens or retirees who move to Mexico. Cathy responded that we haven't had a high influx of these types of claims. Mike added that the City is trying to change the diversity of its workforce, so how many employees could this affect? Jay commented that medical services are generally cheaper in other countries anyway.

John Uto wanted to know what the threshold or criteria would be for a medical emergency. Cathy responded that broken bones would be considered an emergency but not a cold or cough. She also added that the Benefits and Moda staff would work together to allow an exception for an employee who encountered a claim that was denied in error.

Other suggested benefits changes (Page 11):

- Some medications that need to be administered through a needle or catheter (infusion therapy) may require the use of an authorized inpatient provider (OHSU) or specific outpatient providers (Coram Home Infusion) to be eligible for coverage

Steve provided the example that there are 12 employees who currently seek infusion therapy for different conditions (may be arthritis, Crohn's disease, cancer). The cost is at least \$500,000.00 for six employees who use a hospital provider and less than \$200,000.00 for the other six who use an at home provider or the preferred OHSU provider.

Tom Armstrong asked if those six employees would have to find a new provider? Cathy confirmed their medical providers prescribing the medication wouldn't change, but there would be a change in the provider who administers the medication. Mark Gipson asked whether somebody would come to their house if an employee asked for outpatient services? A technician would come to their house to administer their medications. Betsy inquired whether Healthy Foundations could provide outreach to these patients and Cathy answered yes, but it's a voluntary program so it wouldn't work if an employee had already rejected this program.

Anne explained the proposed Moda change of restricting in-network coverage of transplants to centers of excellence facilities (Page 12). Moda has compiled this list of facilities based on quality statistics not compiled by them (recommended by other agencies/organizations). After Jon inquired about the numbers of these types of facilities, Anne responded that they would request the list from Moda. Mike wanted to know how retirees would be impacted and Cathy responded that retirees who live out of the current coverage area are part of a different network (PHCS Healthy Directions) and this would not affect them.

Anne began discussion of the pharmacy benefits provided by Express Scripts (Page 13-14). The City is entering the last year of a three-year rate guarantee (through to June 30, 2019).

1. Express Scripts (ESI) is recommending that the City move to the **Advantage Plus Package**, a program that would require employees to go through the Step Therapy and Prior Authorization process for approval of several additional medications. Currently, the City has not agreed to this and has grandfathered in medications for employees who would be affected.

Cathy also added that we could provide a list of these medications at a later meeting. Mark wanted to know if this program would cost the City any money? Anne and Cathy both responded no, that this change would increase the number of medications added to the step therapy list. ESI would steer members to most efficient and cost-effective drugs (and work with the providers as necessary)

2. **Voluntary Smart90** is another program that motivates employees to fill medications for 90 days at preferred retail pharmacies (includes Fred Meyer) or through the ESI mail order pharmacy.

Anne added there is an estimate of \$92-93,000 in cost savings and no cost to the City for this program. Employees can still get 30-day supply at other in-network pharmacies who are not a part of this Smart90 program. Anne will get list of Smart90 pharmacies.

3. ESI's recommended **Advanced Opioid Management Program** involves a seven day versus a 30-day supply of these types of prescriptions, member education, safe disposal of unused drugs, and ongoing surveillance and intervention for risky behaviors. Currently, there is limited protections in place that involve drug utilization review and clinical rules. The cost is a \$.39 PMPM admin fee (about \$51,000 per year)

Cathy added that this isn't about saving money—there's perhaps \$12,000 in savings from this plan—but whether the committee would want to put safety measures in place.

Steve discussed Moda's stop loss proposal (Page 16) and that Aon reviewed the general stop loss market to compare rates. There's quite a variation in costs. Because of this, Moda's provided Aon an increase of 8% in exchange for a no bid agreement. Steve feels this is reasonable and there can be a big advantage in locking this 8% increase now as there may be large claims that come through before the end of the coverage year. Cathy added that there is substantial cost savings too.

The numbers from the first full plan year for the increased Stop Loss experience is shown on page 17. The stop loss threshold is set at \$1 million and the City is protected from any claims above this amount.

Steve discussed the large claims experience in the 2016-17 coverage year as detailed on page 18. There were 22 members with claims over \$200,000.00. The highest claim was for \$822,843.00. Dave Benson asked about the drivers that cause these increase in large claims. Steve replied that it's mainly cancer treatments and Cathy added that the largest claim involved extensive inpatient care.

Alan Ferschweiler commented that it's strange that Moda believes that they should get a stop loss rate increase of 8% if there has been only one medical claim above \$1 million that occurred back in 2011. Steve responded that If you look at entire U.S., the overall trend is moving toward expensive treatments for cancers, blindness, hemophilia and other conditions.

Moda is requesting a 1.5% increase in administrative fees for the Moda/Delta Dental plan (Page 20); it involves claims administration, customer service, claims reporting and annual reporting.

- Anne talked about the change to the Moda/Delta Dental eligibility policy, a result of new ACA/Federal requirements (Page 21); when employees add a newborn to City coverage, employees will also have the option of adding themselves or their spouse or domestic partner to the plan if they are not already enrolled.
- Moda is recommending a change to the language in the plan that refers to occlusal guard coverage

Cathy explained that this is a shift in language that will allow the Moda customer service staff to better explain this benefit.

It was then noted that it was almost 3:00 pm and there was discussion about not having enough time to review the remaining section of the handout covering the Kaiser plan renewal information. The committee agreed to meet at 1:00 pm for the next meeting so that it would be possible to be able to get through the entire presentation.

- 4. Other Business**
- 5. Public Comment - None**
- 6. Next Meeting: Tuesday, January 23, 2018, 8th Floor Columbia Square Building. The meeting will begin at 1:00 PM (preliminary renewal information)**
- 7. The meeting was adjourned at 3:00 pm.**