

LMBC Meeting Minutes - Draft

April 10, 2018

8th Floor Conference Room, 111 SW Columbia Ave
Attendance

LMBC Members present	Staff
Mike Abbate	Cathy Bless
Tara Anderson	Anne Hogan
Dave Benson	
Mark Gipson	
Ashlie Grundy	Presenters
Jay Guo	Anne Thompson (Aon)
Claire Houston	Kourosh Ghaemmaghami
Craig Morgan	
Rachel Whiteside	Other attendees
	Kyle MacLowry (PFFA)
	Emily Mungo (Aon)
LMBC Members absent	
Tom Armstrong	
Jamie Burrows	
Alan Ferschweiler	
Jeannette Hopson	

- 1. Meeting Call to Order:** New co-chair Dave Benson called the meeting to order at 1:30 pm. Because he is taking over for Betsy Ames as co-chair, Dave introduced himself and explained to the committee that he has 17 years of labor representative experience. He will advocate starting and ending meetings on time.
- 2.** Dave requested that the committee review the March 13th vote tally and meeting notes for errors. Mike Abbate asked how the new plan changes will be shared with employees and their families. Cathy explained this information will be included and mailed out to them in a "What's New" document along with a current benefits statement before the upcoming open enrollment period (May 14th to June 8th).

Before this happens, Cathy will also be submitting a plan document ordinance to City Council either for the May 2nd or May 9th council meeting requesting they adopt the committees' approved plan changes. This process occurs every year and precedes any official announcements to employees. Cathy explained that she likes to have this plan document approved by Council before the open enrollment period but these plan changes are not a secret. Mike added these changes are positive and good news for employees. Cathy also mentioned the popular Benefits Office monthly newsletter will feature an open enrollment special edition describing these new plan changes that will go into effect on July 1st. Information about our new texting feature was also e-mailed out to employees so they can stay informed about the latest changes. Cathy emphasized members can share this information with any employee who has questions about the new coverage year.

Mike Gipson requested information about medically necessary massage therapy coverage be included within the employee information and Cathy agreed this information could be in the upcoming newsletter. The new benefits highlights handbooks will also provide more clarification.

Dave asked if there were needed amendments to the previous meeting's minutes and if not, requested a motion to accept them. Rachel Whiteside moved the committee accept the notes as written and Mike seconded the motion.

3. Discussion and Review of YTD and 3rd Quarter Status of Self-Funded Plan Experience (Cathy Bless and Kourosh Ghaemmaghami)

Cathy discussed the loss ratio report, which 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/rebates. Revenues and expenditures include only self-insured plans; Kaiser, PPA and CityBasic participants are excluded.

- Besides the increase in overall claims, there were also five Fridays in the month of March, which inflated the medical claims as Moda makes payments to providers every Friday. As a result, the overall ratio was 104%, 4% higher than a "break even" point.
- It is anticipated the plan will use some of its reserves, it is important to begin to spend down some of the reserve, as we have in past years (although unintended) added to the reserve because of better than expected experience.

Mike wanted confirmation there was nothing that the committee should be doing to change this course? Cathy affirmed this and replied the City has reserves that can absorb this increase. Cathy added the reserves are not included on the report but its current balance is about \$24 million. Of this \$24 million, \$12-13 million must remain untouched as risk based capital and to ensure there is enough money to pay for claims incurred but not yet paid (IBNP) under the self-funded plan. The extra, unallocated reserves can be used to buy down premium increases or other plan changes such as decreasing the out-of-pocket maximum for CityCore participants.

Dave Benson wanted to know whether this increase was due to the overall number of claims increasing or the cost of claims? Cathy answered that there were a couple of high claims (around \$300,000) this year, but the previous coverage year had 2 claims over \$600,000 each. There does seem to be an increase in the number of claims but the cost of the preventive care initiative hasn't been measured yet either. The cost of this program will be part of the annual reporting.

Kourosh Ghaemmaghami added that in his review of the past two years, there was an increase in money spent on medical claims since December as compared to a year ago. However, prescription claims have decreased in comparison because of three rebate checks from Express Scripts (ESI) totaling approximately \$1.2 million.

Dave asked about these rebates and what was the driving force behind them? Cathy replied the switch of prescription vendors from Kroger Prescription Plan (KPP) to ESI resulted in the City having access to a larger, more cost-effective formulary list. ESI's strong negotiating and contracting with drug manufacturers resulted in an increase in rebate money. With KPP, the prior PBM had an average rebate of \$600,000 in the same period.

Jay Guo asked whether the City experienced an increase in revenue during this same time and Cathy answered no because the City does not change premium rates mid-year and an increase in new employees usually means an increase in claims as well. Jay also inquired whether the committee should be concerned about this increase and the use of reserves? Cathy responded that Steve Caulk of Aon would be more conservative and use less of the reserve money. Because of the large reserve, the City feels comfortable in being more aggressive in its rate setting with Aon. Steve works with the City to balance these interests and to ensure the reserve is fully funded and has necessary cushion to absorb volatility.

4. Preventive Care Initiative Update and Discussion of Exceptions Process (Cathy Bless)

Cathy began discussion about the Preventive Care Initiative (PCI) and expectations with employees who are currently listed as not meeting the PCI standard. For those employees who have not met the PCI requirements, their premium rates will increase by 5% beginning on July 1, 2018. As of April 98% of plan participants met the Standard. The City's goal was a 95% compliance rate so the program's initial results are very positive.

Staff member Michelle Taylor has reached out and tracked the response of the approximately 60 Moda/CityCore covered employees and 30 Kaiser covered employees who had not met the PCI standard. No exceptions will be made for employees who have not sought care but the Benefits Office will work with members who believe they've met the requirement or those who still need to submit their Kaiser Authorization forms. For Moda participants, Joel Michaels of Healthy Foundations/Moda will be able to review claims and make a status determination.

Mark Gipson asked about employees who hadn't met the initiative requirement—should they reach out to the Benefits office? Cathy replied they should contact the Health Advocate or email Kaiser, and would encourage the employee to do this because it's worth a discussion and review of their claims history. Among those employees, he also wanted to know if there was a common theme or reason why they didn't want to participate? Cathy answered that responses have run the gamut: "I'm not doing it because you tell me to" or "thank you for the reminder". There hasn't been one dominate reason.

Claire Houston wanted to know more about Moda's health advocate who is helping CityCore members with PCI and other claims issues. Cathy responded that her name is Fiona Stefanik and she's a Moda employee who is part of the Healthy Foundations team. She can be reached at 855-466-6340 or cityadvocate@modahealth.com. She offers a high level of customer service and can help with more general issues or find a provider.

Rachel Whiteside wanted to know how successful the onsite, pop up clinics were with employees and if were there any numbers that could be shared with the committee? Cathy answered that they were very popular with employees and Moda/Kaiser were currently compiling this information. Rachel answered that she thought it was important to know the numbers, especially since these employees will not meet the requirements for next year. Cathy agreed and explained there is a follow up plan to connect with them to make sure they have a provider they are comfortable seeing for an exam.

5. Employee Survey: Review of prior employee survey and discussion of possible questions. (Cathy Bless, Anne Thompson)

Anne began discussion of the Aon survey handout. This document contained questions from the last Aon-conducted survey. Any question having a red "B" listed after it should be considered a benchmark question and no changes should be made to it. Cathy added that the goal of this meeting was to hear committee feedback on the types of subject matter/interests the survey should focus on and not necessarily language changes within questions. Aon staffers specialize in the creation of surveys and the formulation of questions should be left to them even though the committee members may disagree with some of the wording.

Cathy explained she had added a new question but she mainly deleted questions related to prescription drug coverage or wellness. Those previous questions helped select a new

prescription vendor and there was not enough meaningful feedback on wellness related subjects (“How often do you exercise?” or “Do you eat a healthy diet?”, etc.).

Cathy added that other questions could focus on benefits coverage such as massage therapy. What is the appropriate copay? Would employees be okay with seeing an in-network provider for massage or would a corporate discount be more appealing? Dave added a possible question could involve whether employees would pay more in premium share for massage therapy benefits. Cathy asked committee members what their initial thoughts were on non-medically massage therapy? The City could build this benefit into the CityCore plan design or should it provide corporate benefits?

Kyle asked for the definition of a corporate benefit and Cathy responded that benefits staff had been reaching out to massage therapy chains such as Massage Envy or Hand and Stone to see if they offered corporate discounts to companies and their employees. Cathy emphasized that medically necessary massage is already covered—so employees are already paying a \$20 copay. The focus would be on massage that is not normally considered medically necessary.

Tara Anderson thought the current Kaiser plan did offer medically necessary massage and Cathy replied that Kaiser members can be referred by their PCP to a chiropractor but that the City had not purchased the rider allowing massage therapy without a referral. Cathy added that potential questions could contain program descriptions such as “six hours of massage therapy would be covered per year in 30-minute or 60-minute increments for a \$20 copay”.

Rachel asked about question six (page 3) on the survey handout and why the word “easy” was removed from the question. She added that having a single point of contact or easy access could be the reason why new employees choose Kaiser over CityCore. Cathy replied that she would bring this up with Aon.

With survey question eight (page 4) Mark also wanted to see “Moda” remain within question and Mike wanted “high deductible” added to “CityHD” because it was confusing.

Cathy asked about short term disability and whether committee members wanted to ask any questions about this coverage. Previous inquiries with Standard Insurance had shown these premiums were expensive (at least \$20 per month) and may not be appealing to employees. Mike replied he felt there was an overall employee lack of awareness involving long term disability benefits (LTD) and Cathy added that additional information/context could be added to handbooks and other information. At the point an employee’s claim is approved, Standard Insurance will retroactively pay the employee for missed wages. The intent is not to pay more than the employee would have made had they not been out on disability.

Cathy asked if committee members had any interest in asking questions about other voluntary benefits such accident or accidental dismemberment insurance? Results of such potential survey questions would allow the City enough time to include policy rate requests in a request for proposal (RFP) this fall. Mark replied that he believed the survey questions needed to include clear descriptions about the types of voluntary benefits. (e.g. what is catastrophic illness plans, what do they pay for and how do you qualify?)

Dave added another possible survey topic about gauging employee interest and support of a program that allowed pre-tax contributions to be deducted out of their paychecks for monthly parking? He added employees frequently ask him about a parking benefit and that some employees need to drive to work if they drop their kids off at school or go to the doctor.

Cathy replied historically, the City has not supported a program like this because of the belief that that mass transit and other alternative commuting options should be supported. Dave answered with “his pitch”—that if the City is striving to be an employer of choice, this would help.

Ashlie Grundy added that in her experience it has been a definite recruitment challenge not to have this benefit available to employees as she’s had potential employees ask her about parking benefits. Rachel asked whether these contributions would carry over into the next coverage year and Anne answered that based on IRS rules, any leftover money would be forfeited.

Mike responded that he believed the City wouldn’t be negatively impacted by having this type of benefit available to employees. Mark asked whether it would cost the City additional money to administer this program and Cathy replied no, the same company that oversees the flexible spending account (FSA) program could administer this program. Dave also added that this type of program would have the biggest impact on employees whose wages are on the lower end of the scale—people who aren’t making a lot of money but still need to drive.

Jay thought that an increase in the TRIP/Transit subsidy could be another survey question topic and Tara added that Providence gives their employees free TriMet passes. Tara also mentioned that asking employees about the appeal of a free bike share membership could be another potential survey question. Cathy responded she thought it was important to find out how the City TRIP subsidy of \$50.00 per month was decided. Multnomah County gives their employees free TriMet passes and allows its employees to enroll in a pre-tax parking deduction program.

Claire mentioned that she’s heard employee concerns and confusion regarding the cost of COBRA and FMLA benefits; she wanted to know if employees lose their benefits while out on leave and Cathy responded that if employees have been approved for FMLA, their benefits are protected during this time (12 weeks). She also added that some unions do have programs that will pay for an employee’s COBRA coverage after their FMLA expires.

Mike thought that including survey questions about the Healthy Foundations program would be beneficial: Were you aware of the program, have you been a participant and if you were a participant, did you find the program helpful?

Cathy added that her office had an interest in better understanding the best way to communicate with employees so including a question that centered on whether employees prefer to receive information via regular mail, on portlandoregon.gov, or via e-mail would be beneficial. The survey itself would be made available in handouts/mailers and e-mail.

Craig Morgan thought that a question asking about the importance of having multiple plan choices and the reasons behind this decision would be significant.

Dave asked why the pension benefit was included a selection option in question 26 (page 7) of the last survey (“What benefit areas are most important to you as a City employee?”) Cathy replied that its purpose was to gauge how well employees understood PERS/IAP benefits but the next survey didn’t have to include deferred compensation or PERS questions. Rachel added she was confused how an employee would rank the importance of each benefit as discussed in question 26 because it may be dependent on employee or dependent need at that time (e.g. dental coverage would be important, if a crown is needed, vision coverage, if glasses are needed, etc.). She thought the question wouldn’t necessarily be reliable? Other members agreed with her.

The goal is to have the survey finished and mailed out with confirmation statements after open enrollment closes. Ashlie asked what the last employee response survey response rate was and Cathy replied that 23%-25% of employees completed the survey.

Claire asked about Lasik coverage and whether the City should include a question about this benefit? Cathy responded this benefit ended back in 1996 after the City paid out \$3 million in Lasik claims in one year. It was determined that doctors were setting costs based on City coverage. However, there might be some flexibility in discussing a small benefit towards this cost in the future.

Mike thought including questions about an employee's race and/or ethnicity could be important especially if the City is trying to hire more employees of color. The City could learn something more about benefits, especially if there were glaring differences between respondents? Cathy will take this back and discuss with Aon.

Kyle wanted to know the relevance of asking employees about their age, years of services, etc. as seen in questions A1 – A10 (pages 8-10). Cathy responded that it is valuable to see how much people made, and to better understand why they may have made a particular plan choice. The City wants to know how to better support employees and ensure that rates are fair and equitable.

12. Public Comment: None

13. Next Meeting: Tuesday, May 8th, 2018, 8th Floor Columbia Square Building. The meeting will begin at 1:30 pm.

14. The meeting was adjourned at 3:00 pm.