

**LMBC Meeting Minutes**  
 November 13, 2018  
 8<sup>th</sup> Floor Conference Room, 111 SW Columbia Ave  
 Attendance

<b><i>LMBC Members present</i></b>	<b><i>Staff</i></b>
Jamie Doscher	Cathy Bless
Jay Guo	Anne Hogan
Claire Houston	
Elliot Levin (for Rachel Whiteside)	
Kyle MacLowry (for Alan Ferschweiler)	
Craig Morgan	
	<b><i>Presenters</i></b>
<b><i>LMBC Members absent</i></b>	Stephen Caulk (Aon)
Tara Anderson	Emily Shettel (Aon)
Tom Armstrong	Kourosh Ghaemmaghami
Dave Benson	
Alan Ferschweiler	
Mark Gipson	
Leslie Goodlow	
Ashlie Grundy	
Jeannette Hopson	<b><i>Other attendees</i></b>
Rachel Whiteside	

- 1. Meeting Called to Order** – Acting co-chair Jamie Doscher (Alan Ferschweiler was unable to attend the meeting) called the meeting to order at 1:34 pm.
- 2. Meeting Minutes Discussion** – Jamie requested that the committee review the latest meeting minutes and discuss if any changes needed to be made. Committee members reviewed and approved the minutes as written.
- 3. Discussion of Self-Funded Financial Reporting (Kourosh Ghaemmaghami, Cathy Bless)**

Kourosh Ghaemmaghami began the discussion by reviewing the Summary of Wire Transfers as of 10/31/18 handout. There was a significant increase in medical claims costs for the month of October as compared to the same time last year. Medical claims increased by 11% or \$1.3 million. This may be a one-time situation but an analysis of the 5-year trend for the City shows continued upward momentum. The good news is that prescription claims were down 4% or \$125,000.00 while dental claims were down 1% or \$22,494 as compared to last year.

Cathy Bless added that there had not been enough time to compile a quarterly loss ratio report but that she did review October claims reports and there were no significantly large claims. She did note that a couple of plan exceptions were approved on behalf of employees or their dependents who needed to be cared for in a skilled nursing facility in the hopes that patient rehospitalization and increased costs could be avoided.

- 4. Preventive Care Initiative (PCI) Update (Cathy Bless)**

As part of the ongoing reporting process, Cathy explained to committee members that both Kaiser and Moda representatives are actively managing employees who are currently not meeting the preventive care initiative requirement. Moda staff are actively making phone calls to

these employees while Kaiser staff are uploading notices to their online portal and providing an e-mail address for employees to contact should they have any questions.

Benefits Supervisor Michelle Taylor has been providing union representatives lists of non-compliant union members in the hopes that outreach from the unions will spur these participants into action. The Benefits Office staff is also formulating an e-mail that will go out to employees about "Preventive Care Initiative Essentials" and what they need to do to stay compliant.

Cathy also mention there had been issues with how Kaiser determined PCI compliance with some employees. She explained there was an instance of an employee having an appointment with a primary care physician for an exam and yet this employee did not meet the requirement. On further review, the employee did not follow through with the doctor recommended flu shot or cholesterol test at time of visit. This decision was reversed to be consistent with how Moda's determines whether an employee has met the standard. We've asked Kaiser to reevaluate those who may fallen under this type of scenario.

Jamie requested she be e-mailed the contact information for Kaiser and Moda representatives who could help employees with PCI questions or issues. She also questioned whether temporary employees were required to comply with the PCI program and Cathy responded that it's dependent on their benefits eligibility. If the employee is benefits eligible then he or she would be required to meet the initiative. Jamie mentioned that there had been confusion about temporary employees and she hoped that it could be made clear to them. Cathy replied that a report could be created that highlighted temporary, regular, full-time employees but she added that they are still being appropriately notified by Kaiser or Moda. Cathy confirmed the Moda patient care advocate is Heidi Jurgens ([cityadvocate@modahealth.com](mailto:cityadvocate@modahealth.com), 855-466-6340) and has been providing employees with lists of providers who have available exam time slots prior to the end of the year deadline.

PTE 17 representative Elliot Levin was concerned about Kaiser participants who may meet the PCI requirement after the reevaluation by Kaiser and whether they would know their status prior to the end of the year deadline. Cathy answered that there may be employees currently in limbo, but they should be notified via mailed letter by Kaiser before the end of the year. They can also e-mail Kaiser to find out their status: [citywellness@kp.org](mailto:citywellness@kp.org). In a worst-case scenario, employees claim history can always be re-reviewed and their status corrected after the deadline.

## **5. Express Scripts (ESI) Annual Report (Stephen Caulk, Cathy Bless)**

Stephen began the discussion by reviewing the ESI annual review handout with committee members. The plan cost per member per month (PMPM) increased by \$4.98 or 5.5% to \$95.77 because of an overall cost increase of prescriptions. However, rebates reduced the plan cost PMPM from \$95.77 to \$78.41, an 18.1% decrease. Manufacturers seem to be reigning in price increases as there is more negative media focus on these increases (e.g. epi-pen backlash).

Some other highlights (page 3) include:

- Network and mail discount savings increased by 3.7% (from \$9,397,271 in 2016-17 to \$9,741,985 in 2017-18)
- Overall gross cost has increased by 7.4% or from \$10,088,010 to \$10,837,904
- Member cost has decreased by 1.1% or from \$600,878 to 594,298 because of the switch by more members to generic medications

- Plan cost has increased by 8.1% or from \$9,468,224 to \$10,232,855. But rebates increased by 23.2% thereby reducing costs by \$1,855,318 in 2017-18. As a result, the plan net cost was reduced to \$8,377,536
- Overall the plan cost net PMPM increased by 2.7% or from \$76.34 to \$78.41. Elliot commented on the 2.7% and asked if this 2.7% was in line with overall industry trends and Stephen confirmed this.

The City is doing well with prescription costs compared with other government entities as seen on page 4:

- While the City of Portland plan cost PMPM was \$95.77 for 2017-18, it was \$144.61 for other local government entities within the ESI peer group.
- Member cost has decreased by .5% or from 6% to 5.5%; Cathy advised the committee about intentional plan design and the need for members to review whether this was their intention to reduce employee costs or if this an unintended yet positive consequence?

Craig Morgan inquired why the home delivery numbers have decreased (15.5% to 15%) and Cathy replied that Express Scripts' home delivery program has been slow and employees' experience with their customer service department has been negative. Another factor has been the success of the Smart90 Network program because of its convenience and overall reach. Most major pharmacies (Fred Meyer, Safeway, Rite Aid, Walmart, Costco) are part of this network and many participants like the person to person contact with a pharmacist.

Craig also had a question about the 97.8% Formulary Compliance Rate and what it reflects. Cathy explained that most members can be dispensed the preferred prescription drug whether it is a generic medication or another preferred brand name. However, Express Scripts will make an exception if a member cannot tolerate another medication due to allergies, etc.

Jamie wanted to know how employees can find out more about the mail order delivery service. Cathy replied that employees should create an Express Scripts online account to be able to compare prescription costs between pharmacies and the mail order service. Outside of this, Express Scripts could send out a targeted mailer focusing on the benefits of the ESI mail order service, but it may not result in much change. The Benefits Office could also highlight the service in the monthly newsletter.

Jamie wanted to know if Express Scripts has a patient advocate representative available to employees—like the person available through Moda. Cathy replied that she has been pushing the company in this direction as employees need some type of reliable resource but ESI currently does not offer this type of service. As evident in employee surveys, dissatisfaction exists regarding ESI's customer service and communication/confusion about the plan has been a problem. The implementation of the Smart90 Network plan as well as a system configuration issue (correction of the co-pay structure) may have contributed to this confusion.

Other changes include a possible prescription cost increases or decreases in January because of the new calendar year and renewal of some of ESI's prescription contracts with pharmaceutical companies. This is allowable under the City's contract. Cathy agreed with Jamie that some type of mailer could be sent out to employees alerting them to potential prescription changes. There has been discussion in the Benefits Office of creating and featuring separate Kaiser and Moda/CityCore highlights pages in the monthly newsletter.

Stephen moved on to the various trend component factors listed on page 5 of the handout:

- Specialty trend usage increased by 2.7% being driven primarily by utilization of specialty medications
- Rebates reduced costs by \$1.9 million

Page 6 of the handout listed the top ten indications/medical conditions that represented 62.6% of the City's prescriptions costs:

1. Inflammatory conditions
2. Diabetes
3. Cancer
4. Multiple Sclerosis
5. Hepatitis C
6. Attention Disorders – There was a 48.7% plan cost PMPM increase resulting in an additional \$1.46 in overall PMPM
7. Asthma – Generic Fill Rate (GFR) lags by 10.2 points compared to similar government entities
8. Depression
9. Pain/inflammation
10. HIV

Jamie wanted to know why the attention disorder percentage change rate in plan cost was so significant and Stephen answered that he would have to contact Express Scripts to find out. Claire Houston noted that the handout shows that the generic fill rate for attention disorder drugs decreased from 74.9% to 47% so was most likely a contributing factor.

Craig asked Cathy whether numbers were available for member utilization of Kaiser's mail order? Cathy responded that both Moda and Kaiser representatives would be presenting their annual report to the committee in December and this information will be included.

Rachel Whiteside wondered whether Hepatitis C indications were trending downward and Stephen confirmed this and added that drug prices have decreased as well. He expects that they will continue to decline.

The top 25 most expensive drugs were listed on page 7 of the handout with the medication Stelara being listed as number one (for this drug, there was a 75.7% increase in the plan cost PMPM to \$3.42 PMPM). Stelara (ustekinumab) is an immunosuppressant that reduces the effects of a chemical substance in the body that can cause inflammation. Stelara is used to treat plaque psoriasis in adults and children who are at least 12 years old. It is also used to treat psoriatic arthritis in adults.

Jay Guo wanted to know how ESI determined the clinical savings as listed on page 8 of the handout. Stephen replied that the company was able to track a cause and effect after one or more "utilization management" tools were implemented (prior authorization, step therapy, etc.) and what the outcomes were in each case. Prior authorization (doctor must contact ESI and confirm that a patient meets the clinical criteria for the approval of a particular medication) was the most effective tool and saved the plan \$303,711.00. Jamie stressed the importance of making members feel that their doctor is the prime decision maker and not Express Scripts.

As shown on page 10 of the handout, member cost has decreased from the previous period to 5.5%. Cathy pointed out this trend and asked members to think about the goals of this committee and whether the graph's highs and lows can be attributed to committee intentions?

Claire commented that prescription rebates have significantly kept costs down for the City. She wanted to know whether it was a result of brand medication utilization as opposed to generic drugs and Stephen confirmed this.

## **6. RFP Committee updates: Vision RFP Members will provide feedback on finalist interviews (Emily Shettel, Jamie Doscher)**

a. Life, long-term disability, short-term disability and other voluntary products  
Emily Shettel began the discussion by explaining that Standard Insurance, Unum and MetLife were the three RFP finalists. Finalist interviews will be held on Friday, November 16<sup>th</sup>. These companies will be asked to submit their best offers by November 14<sup>th</sup>. Out of all three finalists, Cathy added that Standard Insurance came up with the best overall offer and includes over \$200,000 cost savings for both employees and the City. It's not in the City's best interest to increase employee costs. Emily reiterated that subcommittees will choose finalists and bring their perspective and recommendations to committee members.

b. Third party administrative services, networks and supportive services for self-funded medical and dental plans  
The RFP deadline was October 12<sup>th</sup> and Moda, Providence, Regents, RGA and UMR all submitted responses to RFP questions. After the subcommittee decides the top finalists, these interviews will be held on December 5<sup>th</sup>. Aon will then request their best and final offers.

c. Third party administrative services, networks and supportive services for self-funded vision plans

Jamie, who was part of the vision RFP subcommittee, was impressed by both VSP's and EyeMed's (subsidiary of Luxottica Group) finalist presentations. Both companies have a strong network of providers and EyeMed's online website is impressive. Also, their record of community involvement is notable as they were able to produce onsite eyewear for people affected by Hurricane Harvey and other natural disasters. EyeMed also offers worksite pop up clinics where members and their dependents can try on frames and order glasses. Other highlights included the following:

- EyeMed can distribute cards, unlike VSP (though this may change).
- VSP has purchased their own online store.
- VSP has "smart" eyeglasses now that can monitor the number of steps the wearer makes.

Both were financially competitive with VSP decreasing their administrative fee to \$.78 per member. If the city switched to EyeMed, Aon estimated that 20% of members would experience some type of provider disruption. Ultimately, the committee consensus was to stay with VSP because there wasn't an overwhelming reason to make this switch and there are currently no serious concerns with VSP's customer service or claims experience. The City will also have another option to add another five years to the VSP contract without having to go through the RFP process.

Jamie asked about making Lasik eye surgery discounts available to members and Cathy agreed that it could be a possibility but that the City would need to review a full self-funded plan year before the incentive could be offered again.

## **7. Other Business:**

Claire mentioned that she has heard positive feedback from employees regarding the 15% pet insurance discount that is now available to City employees through HealthyPaws Pet Insurance.

Cathy also asked that members expect for the next committee meeting to be longer than usual to provide enough time for both Moda and Kaiser to provide their annual reporting.

## **8. Public Comment: None**

- 9. Next Meeting: Tuesday, December 11th, 2018, 8<sup>th</sup> Floor Columbia Square Building. The meeting will begin at 1:30 PM and will be scheduled to go until 3:30 PM.**
- 10. The meeting was adjourned at 2:49 PM.**