

LMBC Meeting Minutes - Draft

November 19, 2019

Pettygrove Room, City Hall

Attendance

LMBC Members present

Jamaal Anthony
Tom Armstrong
Dave Benson
Jamie Doscher
Margaret Evans
Alan Ferschweiler
Mark Gipson
Leslie Goodlow
Ashlie Grundy
Jeannette Hopson
Claire Houston
Craig Morgan
Rachel Whiteside

Staff

Michelle Taylor
Kostas Giannopoulos
Joel Michels
Anne Hogan

Presenters

Amy Daily (Express Scripts Account Executive)
Harris Zeyae (Express Scripts)
Lindsey Ferrin (Moda Account Executive)
Laurie Armitage (Moda Underwriter)
Sara Eide (Moda Healthy Foundations)
Anne Thompson (Aon)
Emily Shettel (Aon)

LMBC Members absent

1. Meeting Called to Order – Co-chair Alan Ferschweiler called the meeting to order at 1:30 pm.

2. Meeting Minutes Discussion

Alan requested that the committee review the October 15th meeting minutes for any needed changes or additions. Hearing no responses, Craig Morgan made a motion to accept the minutes as written and Chris Flannery seconded the motion. The meeting minutes were approved by the committee.

3. Introduction of new LMBC member to Committee

Michelle Taylor asked committee members to introduce themselves to new member Margaret Evans, who is with the Parks Bureau. The Bureau of Human Resources' Ashlie Grundy has returned to the City of Portland and re-joined the LMBC Committee.

4. Express Scripts 2018-2019 (Amy Daily, Harris Zeyae)

Express Scripts (ESI) account executive Amy Daily introduced herself and her colleague, clinical account executive, Harris Zeyae before she began their Fiscal Year 2018-2019 overview. Beginning the discussion, Amy referred to page 2 of the slide deck which highlighted the plan's overall performance. Highlights included the following:

- Per Member Per Month (PMPM) cost for the plan (the City) increased by \$.08 from \$95.78 to \$95.86, a .1% increase.
- However, rebates decreased the plan cost PMPM from \$95.86 to \$76.95, a decrease of 19.7%
- Overall member cost decreased by \$16,354.00 from \$594,345 to \$577,991 (2.8% decrease)
- The Average Wholesale Price (AWP) increased from \$20,589,859 to \$21,734,754, a 5.6%
- The number of members increased from 8,904 to 9,142

Moving on to slide 3, Amy noted the number of members utilizing their prescription benefit increased slightly from 69.3% to 69.5%. Other highlights included:

- The generic fill rate increased from 84.2% to 85%
- The specialty percent of plan cost net increased from 39.9% to 48.1%, an 8.2% increase
- Specialty plan cost net PMPM increased from \$31.30 to \$37.02, an increase of 18.3%
- Plan cost net PMPM decreased from \$78.46 to \$76.95 and was much lower than other public sector entities who averaged \$101.47 PMPM. Amy attributed this to the increase in generic prescriptions and home delivery utilization rates in addition to the implementation of the Smart90 Network program.

Asked to explain the difference between specialty drugs and non-specialty drugs, Amy described non-specialty drugs as medications used to treat common conditions such as cholesterol, asthma, blood pressure and have been available for some time. These medications are also available generically making them less expensive. Specialty medications are newer drugs used to treat conditions such as hepatitis C, hemophilia, HIV, inflammatory conditions (i.e. rheumatoid arthritis). These specialty drugs are used by less than 1% of members but can represent 40% of a plan's drug costs.

As shown on slide 5, the number of unique specialty patients decreased from 105 to 99 but these patients are using more medications than in the previous year. As a result, costs increased:

- The total plan cost net for these specialty drugs increased from \$3,344,705 to \$4,061,516, a 21.4% increase

Retail went up (erosion factor: copays stay the same, costs go up).

Harris added most specialty drugs need to be taken for the rest of a member's life, except for Hepatitis C drugs—they cure the disease. Because of this, promoting the use of generic drugs, when appropriate, will continue to be important.

As listed on slide 10, the top 25 drugs represent 42.9% of the City's total plan cost net and 19 of them are specialty drugs. The top five most expensive medications are for inflammatory conditions, cancer, inflammatory conditions, pulmonary hypertension and multiple sclerosis.

Harris moved on to slide 11, which listed the ESI programs that have helped keep costs down. He emphasized prior authorization, which requires the prescribing doctor to submit pertinent information confirming that a member meets the clinical criteria requirements, ensures a specialty drug is truly needed. Step therapy is also an important tool to promote generic drugs before the more expensive brand name medications. As a result, the total plan cost savings has been \$1,058,861 or \$9.65 PMPM.

Dave Benson asked if any performance metrics, member service and customer service statistics were available, and Amy replied they could compile this data for the committee.

Joel Michels asked Amy and Harris to explain the rebate process. ESI partners with drug companies to negotiate costs/rebates of medications found on the basic formulary list, created by the independent pharmacy and therapeutics (P & T) committee (this list does not include costs but is compiled of both generic and brand name drugs which offer the greatest overall value in terms of efficacy, safety and estimated cost). Amy explained that ESI then creates their own formulary list of preferred medications based on these negotiations. As a result, this can drive/increase member utilization of particular drugs and ESI receives monetary rewards (rebates) from these companies

which are passed on to their clients. The City receives the rebates which helps manage overall costs.

Dave mentioned he has heard from employees about issues with prescription declination letters and the speed of mail order refills. Amy responded that over the last 18 months, she has been working with customer service representatives to improve their interactions with members so questions and concerns are answered correctly and in a timely manner. For some members, they may be having issues with mail order delivery because by law, controlled substances need recipient signatures. USPS and Fed Ex both have tracking services that can help members see the status of their delivery. Harris added that member education is important too—they need to know who to call and when to call. He added that ESI also has a responsibility to review prescriptions. Jamie Doscher also brought up the “dispense as written” (DAW) order a doctor can add on to a prescription, which indicates when a drug is medically necessary, and no substitution is allowed. Harris believes in these situations, a doctor may be prescribing more than what is advised by the FDA (quantity limits). The committee thanked Amy and Harris for their presentation and requested a copy of the slide presentation. Michelle Taylor will e-mail out the slide deck.

5. Moda 2018/19 Annual Reporting (Lindsay Ferrin, Lori Armitage, Sara Eide)

Account Representative Lindsay Ferrin introduced colleagues Lori Armitage (underwriter) and Sara Eide (Healthy Foundations supervisor) to the committee. Lori began their presentation with an overview of the current demographics of City membership as of plan year 2018-2019:

- There is a total of 10,056 members (4,258 employees and 5,798 dependents) who are enrolled in the City’s self insured medical plans. The average age of both employees and dependents is 35.1, which is similar to other public entities.
- Approximately 14.7% of these members did not utilize service in the reported time period.
- There are more male subscribers (61.9%) but with the addition of dependents it evens out to 49.9% male and 50.1% female
- Average family size is 2.4 people

Slide 2 showed inpatient costs did increase from \$82.00 (2017) to \$95.01 PMPM, a 16.4% increase. Lori emphasized that 2017 was an anomaly based on a review of previous years: the average was \$93 PMPM. Other highlights included:

- Outpatient costs decreased to \$159.92 PMPM from \$170 in 2017, a 6.1% decrease
- Professional costs (doctor visits) remained stable at \$220.74 PMPM
- Allowed PMPM (includes all costs, both City and members) increased slightly from \$471.00 to \$475.66 PMPM

Slide 3 listed the types of hospital admissions. There were 45 admits per 1000 members and pregnancy and childbirth was at the top of the list in both admissions and costs.

Lori moved on to slide 4 showing a breakdown in category of outpatient and professional costs. The City’s allowed PMPM costs for ER visits are less than other public entities while outpatient surgery numbers are higher.

The most expensive diseases were listed on Slide 5. The top five are as follows: 1. Musculoskeletal and connective tissue 2. Neoplasms (cancer) 3. Health services (includes

preventive care—positive number) 4. Injury and poisoning 5. Symptoms, signs and abnormal findings.

Emergency Department utilization numbers were listed on slide 6. The total cost of these 10,056 member visits was \$2,341,080. Lori stated frequent visitors are by Moda and their primary care doctors were also notified. Lori discussed slide 7, comparing prospective and retrospective risk scores of City members to those of other public entity groups. The numbers are very similar and the top three condition specific conditions that determined a higher risk score (more likely to use services) was diabetes, tobacco use and hypertension.

Sara Eide introduced slide 8 showing depression, diabetes and low back pain claim rates are higher with City members than the public peer group. There were also a significant number of condition specific mailings that Moda sent out and 260 members engaged with a Healthy Foundations Coach, totaling 2681 sessions.

Slide 9 listed the specific types of member outreach that were focused on by Moda mailings. A total of 3,490 members were contacted; the top mailing was disease management welcome letters.

As shown on slide 10, 1,535 members received prior authorization; the top three PA categories were requests for imaging, durable medication equipment and surgery.

Referring to Healthy Foundations, Claire wanted to know if the effectiveness of the program could be tracked. Because of its confidentiality policy, Joel Michels responded that currently only aggregate numbers were available, but he's seen a reduction in participants being admitted to the hospital and an increase in medication and treatment compliance. Sara added that there has been a decrease in absenteeism among these members.

Jamie requested a Healthy Foundations/CityStrong presentation be scheduled for an LMBC meeting and Michelle responded that she will add it to the schedule. With the mental health program having started on July 1st, Chris requested the utilization rates of mental health providers and Lindsey replied she will be compiling numbers once data becomes available.

Lori began the discussion of dental utilization information listed on Slide 11. Diagnosis codes for specific dental services aren't available but currently 45% or 4,882 of members received preventive care. This rate is higher when compared with similar public entities.

Regarding dental maximums, 251 members reached the basic plan maximum of \$2000 and 125 members reached their buy-up plan maximum of \$2,500. Alan asked how many buy-up plan participants only reached a \$2000 maximum and Lindsey responded she would find out.

Slide 12 showed dental costs have remained stable with the \$53.03 allowed PMPM being a slight decrease from the 2017-2018 plan year of \$53.45. Preventive services, exams and x-rays are the top three utilization service categories.

6. Fertility Benefit Discussion (15 minutes – Aon)

Kostas Giannopoulos explained that the Office of Commissioner Fritz reached out to the Total Rewards group because they would like explore fertility benefit options. Because of this, Aon was asked to research and present their initial findings to the committee.

Anne Thompson began the discussion by describing the emotional toll many members experience when facing fertility challenges. If members have started the process, there may be medication side effects, financial issues, unsuccessful treatment outcomes and social impacts negatively affecting their wellbeing.

As shown on slide 3, Anne explained possible fertility management strategies which could include the following:

- **Traditional prior authorization** – typically uses a lifetime benefit maximum, a diagnosis of infertility (IRS rules) for health plan to cover, limiting access for same sex or uncoupled employees, and may encourage the transfer of multiple embryos increasing the risk of multiple gestation and risks to birthing parent and babies
- **Centers of Excellence** - Limits access for same-sex and uncoupled employees, may steer members to providers who are board certified reproductive endocrinologists, limited access in some areas and some carriers do not offer a COE network, added stress for members who must travel.
- **Open Access** – typically uses a “cycle” approach for benefits, provider determines best approach, emphasis on single embryo transfer, benefits available for same-sex and uncoupled employees, lack of infertility diagnosis may lead to increase in utilization of benefits, tax implications for benefits provided without an infertility medical diagnosis.
- **Discounting Program** – Some “point solution” vendors have negotiated discounts for fertility services, benefits available for same-sex and uncoupled employees, lack of infertility diagnosis requirement may lead to increase in utilization of benefits

Anne discussed the prevalence of infertility at the City and the potential financial impacts of adding this benefit on slide 5:

- About 1 in 185 members has an infertility diagnosis based on Moda’s book of business from 2015 to 2019
- The City has approximately 1 in 44 same-sex couple households but not all will seek fertility services
- Allowed cost per case: \$18,300 for the treatment, \$25,000 for delivery/newborn
- Estimated health plan costs if half of members with infertility diagnoses seek treatment and 20% of same sex couples go through the cycle or seek adoption/surrogacy: **\$1.8 million**
- If all same sex couples go through the cycle or seek adoption/surrogacy, estimating an additional: **\$1 million in health plan costs and \$2.2 million in non-health plan costs**

Dave asked if the expectation is that all members who have an infertility diagnosis would utilize services and Anne replied a number is difficult to predict—perhaps 50% would do so? Alan asked whether Moda could review past claims (diagnosis of infertility, then labor/delivery claims) to determine past numbers and costs.

7. Other Business: None

8. Public Comment: Senior policy director Claire Adamsick spoke to the committee on behalf of Commissioner Fritz and other city employees who support infertility benefits. Currently Kaiser does not provide in vitro fertilization (IVF) treatments and covers only 50% of the costs of infertility medications. If the City wants to be viewed as an employer of choice with family-friendly benefits, including healthcare options for LGBTQ members than this is an important benefit. Claire handed out employee testimonies to committee members describing the emotional and financial hardships they encountered after receiving an infertility diagnosis.

9. Next Meeting: December 17, 2019. The meeting will begin at 1:30 PM and will be scheduled to go until 3:00 PM. December’s meeting is scheduled in the Lovejoy Room at City Hall 1221 SW Fourth Ave

10. The meeting was adjourned at 3:05 pm.