

LMBC Meeting Minutes
January 21, 2020
Pettygrove Room, City Hall
Attendance

LMBC Members present

Jamaal Anthony
Tom Armstrong
Dave Benson
Jamie Doscher
Margaret Evans
Mark Gipson
Lori Goodlow
Ashlie Grundy
Claire Houston
Kyle MacLowry for Alan Ferschweiler
Rachel Whiteside

Staff

Michelle Taylor
Kostas Giannopoulos
Joel Michels
Anne Hogan

Presenters

Anne Thompson (Aon)
Emily Shettel (Aon)
Shelley Zhao (Aon)

LMBC Members absent

Alan Ferschweiler
Craig Morgan
Jeannette Hopson

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

2. Meeting Minutes Discussion

Dave asked the committee to review the December 17th meeting minutes for any needed edits or additions. There were no objections to the minutes and the committee agreed to approve them as written.

3. Preliminary 2020/21 plan year renewal report (Aon)

Emily Shettel began the discussion by reminding the committee that a total of four meetings are scheduled during the next two months: two in February and two in March. The goal is to fully prepare members to vote on potential plan changes during the March 17th meeting (second meeting in March).

Focusing attention on the preliminary renewal report slide deck, Emily noted the premium numbers for the self-insured plans are currently pending as Aon is currently gathering as much current data as possible and they hope to have rates available at the next meeting. Highlights of slide four of slide deck are as follows:

- **Kaiser** (fully insured) is proposing a 3.8% increase in premium costs for their medical, vision and prescription plans. For plan year 2019-2020, the costs are \$30,943,581 and with proposed increase will change to \$32,120,106 in plan year 2020-2021.
- **Self-Insured Plan CityCore/ Moda – To be determined**
- **Kaiser** is proposing a 2.4% increase for the dental plan, from \$3,187,576 to \$3,263,946.
- **Moda/Delta Dental** is proposing a 3.7% increase for the self-insured dental plans (both basic and buy-up), from \$6,202,621 to \$6,434,543.

- **VSP (Vision Service Plan)** is proposing a .1% change in the self-insured vision plans (both basic and buy-up), from \$510,485 to \$511,014.

As slide 5 of the deck showed, there are no changes to the City's ancillary products such as life insurance, disability policies, the EAP (employee assistance program), and flexible spending accounts because of the current rate guarantees.

Aon included a rate guarantee outline table on slide 6 showing Moda's stop loss policy rate guarantee is only good through this current plan year. This next plan year is the last year of the rate guarantee for Cascade Centers, the vendor who administers the EAP, and Express Scripts, the vendor who administers the City's prescription drug program.

Administrative rates/premiums from Moda highlighted on slide 6 of the presentation were not a surprise as the City is entering its second year of a five-year rate guarantee with Moda. Fees per employee per month (PEPM) for medical administration will increase by 1.4% (from \$27.80 to \$28.20 PEPM), medical management will increase by 1.5% (from \$3.95 to \$4.01) and health advocate fees will increase by 3.6% from (\$1.39 to \$1.44).

The administrative fee includes claims administration, customer service (including a designated phone line), Moda Health online tools with health risk assessment, standard claims processing and annual reporting. The medical management fee includes health coaching, case management, care coordination, disease management, and utilization review.

The PCORI (Patient-Centered Outcomes Research Institute) health reform fee applied to self-insured plans will extend through 2029 (initially set to sunset in 2019) will add an additional \$.40 PEPM to costs as shown on slide 9 or about \$20,000 per year.

Moving on to slide 9, Emily highlighted the **state-based regulatory changes** for the upcoming plan year:

- **Item 1 – Dentist-Provided Immunizations:** Immunizations within the scope of a dentist's license and are otherwise covered by the Plan will be covered when prescribed and administered by the dentist. For members with Moda medical coverage and Kaiser dental coverage, they can submit out-of-network claim information to Moda for reimbursement. However, for those with Kaiser medical coverage and Moda/Delta Dental coverage, members will not be reimbursed by Kaiser and will be required to pay out-of-pocket. There will be negligible claims and member impact.
- **Item 2 – Prior Authorization for Non-Urgent Services:** Currently, Moda must approve or deny non-urgent prior authorizations within 2 business days of the request. With change, Moda can request an extension for additional information, and have additional time to make the authorization decision. This will have a very slight claims impact due to potentially less denials of services.
- **Item 3 – Motor Vehicle Accident Claims:** Currently, Moda may not pay for medical claims if a third party may be legally liable in an accident and if Moda does end up paying for claims, they are entitled to monetary reimbursement from any recovery a member receives. With this change, Moda will cover benefits, even if a third party may be legally liable. Moda will not receive reimbursement until after a member has received full compensation for their injury.

Emily moved on to Moda's proposed optional benefit changes highlighted on slide 12:

- **Item 1 – Limit in-network transplant coverage to Center of Excellence (COE) facilities:** Currently, COEs are not required for transplants. Moda notes COEs have rigorous standards based on best practices, exceptional skills and expertise in managing patients

with transplant needs in a cost-effective manner. Moda also coordinates with COEs to get the best contracted rate—a larger discount than a non-COE facility, but transplants are not a frequently utilized benefit. There were no transplants in the 2018-2019 plan year.

Claire Houston asked what facilities were considered Centers of Excellence; Aon is currently waiting to receive this list. Rachel Whiteside also requested transplant claims information be compiled for the last few years.

- **Item 2 – Increase Cost Sharing for Naturopath Visits to Specialist Benefits:** Currently, naturopathic physicians are paid at PCP benefit level (members pay a \$20 copay for in-network office visits). With this proposed change, copays for naturopathic physicians would increase to the specialist benefit level—\$35 per visit—unless they are credentialed as a PCP. However, this change would not impact the payment to the provider.

Potentially, 180 members could be affected by this change; Dave Benson asked what the plan cost differences are between a PCP and a naturopathic physician; Aon will reach out to Moda for information.

- **Item 3 – Revise Maximum Plan Allowable (MPA):** Currently, the methodology for calculating the MPA for out-of-network services the same for all types of out-of-network providers. Moda would like to revise the definition of Maximum Plan Allowable (MPA) to summarize by removing the sequence of methodologies per service, giving a higher-level description of methodologies that may be used.
 - a. The MPA is the maximum amount Moda Health will reimburse providers. For an in-network provider, the MPA is the amount the provider has agreed to accept for a service.
 - b. This change would reduce reimbursement amounts for out-of-network providers and would primarily affect Alternative Care, Mental Health/Chemical Dependency, and Specialist claims.
 - c. Depending on what the provider chooses to do, they may “balance bill” the member if the MPA is reduced. This means a member may be billed for the difference between the provider’s charge and the MPA. For example, if the provider’s charge is \$100 and the MPA is \$70, the provider may bill a member for the remaining \$30.
 - d. Moda’s intent with these changes is to incentivize bringing frequently utilized out-of-network providers into the Moda network, rather than the provider being incentivized to remain out-of-network. Moda notes in some cases, out-of-network providers are receiving higher compensation than in-network providers.
 - e. Approximately 634 members could be affected but it could reduce claims by \$375,000 (.72%)

Moving on to slide 9, Emily highlighted the **state-based regulatory changes** being adopted by Express Scripts (ESI) for the upcoming plan year:

- **Item 1 – Affordable Care Act Preventive Items and Services: HIV Pre-Exposure Prophylaxis Update** – Currently, Truvada (and soon to be released generic version) is covered under the plan and copays are determined by the plan’s specialty copay benefit when taken for any reason. With this change, members who take Truvada to prevent HIV (pre-exposure prophylaxis, or PrEP) will be charged a \$0 copay

Emily added this change falls under the preventive care umbrella and the processing of such a claim will trigger an automatic review by ESI.

- **Item 2 – Affordable Care Act Preventive Items and Services: Gardasil 9 (HPV Vaccine) extended age limitation** - Currently, Gardasil9 (HPV Vaccine that prevents cervical cancer) is covered at \$0 cost under ACA for members ages 9 through 26 years. With this

change, the limit will be increased—ages 9 through to 46 years at \$0 cost under ACA. Aon speculated that the change was due to a change in data; vaccine was deemed effective up to age 46.

Slide 17 highlighted the proposed optional changes suggested by Express Scripts for the upcoming plan year:

- **Item 1 – SaveOn Program: Specialty Copay Assistance** – Currently, members pay a specialty copay of \$75 (preferred brand specialty copay for 90-day supply). Member may apply for copay assistance, but the plan is not able to share in the savings. Also, if member is approved for copay assistance, the covered amount applies to any deductibles or out-of-pocket (OOP) maximums. With the implementation of this program, members will have access to manufacturer drug rebates, from manufacturers, resulting in savings for clients and patients.
 - a. The SaveOn program increases the copay for specialty targeted drugs to equal the amount of copay assistance available from that manufacturer for each monthly fill. For example, if \$12,000 of copay assistance was available from the manufacturer, ESI would set the copay in their system for that drug at \$1,000 per month. Then, the SaveOn program would automatically take advantage of the full \$1,000 of monthly copay assistance available, resulting in a \$0 copay for the member. Therefore, when the claim adjudicates, the City would save \$925 for that one fill and the member would pay no copay.
 - b. The net savings would be \$585,000 after the 25% fee is applied by the vendors (gross savings is \$780,000); ESI receives 40% of fee while SaveOn receives 60%.

Aon reported to the committee their own clients' experiences have been positive. ESI has been active and successful in their outreach to members prior to being faced with a large initial copay (e.g. \$1000) and there has not been any issues. ESI can reach out to City members prior to their prescriptions being processed.

Committee members were also concerned about this program taking available rebate monies away from smaller companies/insurers—Aon will contact ESI to find out if this would be the case. Aon will also find out how much affected members are currently paying per year in copays as it was determined that members could save as much as \$900 per year in copays if this program was implemented.

- **Item 2 – RationalMed** – This program integrates medical claims, prescription drug claims and lab test results (if provided) to create patient-specific integrated profiles. This profile is passed through their clinical rules engine and reviewed against thousands of evidence-based clinical rules to identify potential safety issues or gaps in care. For each safety issue identified, RationalMed alerts may be sent to any or all stakeholders: physician, patient, and pharmacist; it will potentially keep members from having adverse reactions to a combination of medications.
 - a. Currently 463 members with safety alert status
 - b. Year 1 of program: \$66,000 in pharmacy claim savings but program will cost \$28,000
 - c. Year 2 of program: \$73,000 in pharmacy claim savings but program will cost \$40,000
 - d. It will cost the City an additional \$5000 for Moda to provide claims information to ESI

Aon will invite an ESI clinician to speak to the committee about this program.

- **Item 3 – Enhanced Fraud, Waste and Abuse** – Currently, there are limited Protections in place through drug utilization review and clinical rules. This program is part of the Advanced Opioid Management Solution program outlined in Item 4 and the City would automatically be enrolled.
 - a. Enhanced Fraud, Waste & Abuse (eFWA) is an investigative service program that helps identify potential problem members and prescribers with unusual/excessive utilization

patterns through the analyzation of types of prescriptions, refill patterns, and pharmacy utilization.

- b. ESI would charge a \$4,000 flat fee to City for both PPA and non-PPA members; if the City continues to grow and increases to 12,000 or more members the fee would increase to a \$0.07 PMPM fee.

- **Item 4 – Advanced Opioid Management Solution – This program would offer members:**

- a. Education and support
- b. Safety edits and pharmacy messaging at the point of sale
- c. Prescriber messaging and coordination
- d. Safe disposal of unused opioid drugs
- e. Ongoing surveillance and intervention for risky behaviors
- f. The cost is \$.39 PMPM or \$44,000 per year but ESI estimates \$196,000 in claims savings

Aon will invite an ESI clinician to speak to the committee about this program.

Slide 21 highlighted the Moda proposed stop loss renewal fee in which they are requesting a 24% increase or a \$70,908 change for the next plan year. Aon is waiting to hear Moda's justification for this potential increase as there have not been any claims of a \$1 million in the past three plan years.

Moving on to dental coverage, Emily highlighted the 3.7% increase in both Delta Dental plans for the next plan year. This translates to a \$169,430 per year increase in costs for the Delta Dental basic plan and a \$60,188 per year for the Delta Dental buy-up plan.

Proposed Moda optional dental plan changes were highlighted on slide 25:

- **Item 1 – Retreatment of Retrograde Filings** – Currently, retrograde fillings are covered regardless of frequency. Moda would like to change the plan so that a retrograde filling by the same dentist within a 2-year period of the initial retrograde filling would not be covered. Services billed by a different dentist would be covered.

- a. Moda's position is retreatment of the retrograde filling would be included in the charge for the original care. In-network dentists would write off the charge, but out-of-network dentists may charge the member.
- b. Seven members had retreatment charges/services in the past plan year, but all were in-network.

- **Item 2 – Limit Osseous Surgery Quadrants per Date** – Currently, these surgeries are unlimited. With change, osseous surgery would be limited to 2 quadrants per date of service. This change aligns with standard dental practice. More than 2 quadrants in one day may be difficult for a member to handle. Would not apply to emergency surgeries.

- **Item 3 – Limit re-cementing or re-bonding implants/abutment supported crown or fixed partial dentures to once in any 12-month period** – Currently, these procedures are covered with no restrictions.

- **Item 4 – Adjust Coordination of Benefits to Standard** – Currently, Accidental injury coverage was always secondary to medical. This change allows Moda to use standard COB rules (such as dependent/nondependent status, the birthday rule, effective date of coverage, etc.) to determine which plan (medical or dental) is primary.

Emily moved on to the self-insured vision coverage (both the basic and buy-up plans) changes that will occur due to a .1% premium rate increase (\$194 per year for basic, \$336 per year for buy-up) and potential Vision Service Plan (VSP) proposed changes:

- **Item 1 – Add Suncare Benefit** - With change, members can use their frame allowance

toward non-prescription sunglasses from their VSP provider's frame board, exhausting both their lens, frame, or elective contacts eligibility. Benefits is estimated to increase claims by 3% or \$6,000 per year.

- Item 2 – Enhance coverage and add sun care benefit to the buy-up plan:

- a. Add Sun care Benefit
- b. Increase Frame/Elective Contact Lenses to \$200
- c. Cover Standard Progressives with a \$0 copay
- d. Cover Premium & Custom Progressives with a \$30 copay (currently \$50 allowance)
- e. Cover Anti-Reflective Coating with \$30 copay (currently \$30 allowance)

It's a positive change for members but will increase claims by 35% or \$106,000 per year.

Emily presented one-year rate renewal proposals made by Kaiser, the fully insured plan, for medical, vision and prescription coverage on slide 31. **If the current plan design stays the same, rates will increase by 3.8% or \$1,176,525 for the next plan year.** Kaiser proposed the following plan changes that could lessen the impact:

Tiers	Enrolled	Option 1: Rx Two Tier to Three Tier	Option 2: OOPM \$600/\$1200 to \$1000/\$2000	Option 3: Add Hospital Inpatient Copay (currently \$0)
Employee	571	\$690.97	\$691.31	\$692.35
Employee + One	461	\$1,347.37	\$1,348.05	\$1,350.07
Employee + Two or More	853	\$1,934.69	\$1,935.66	\$1,938.58
Total Annual Cost₂	1,885	\$31,991,664	\$32,007,684	\$32,055,874
% Change Over Current		3.4%	3.4%	3.6%
\$ Change Over Current		\$1,048,083	\$1,064,103	\$1,112,293

Slide 32 highlighted these proposals in more detail:

- **Item 1 – Option 1 - Change Rx two tier copay to a three tier copay** - Currently, it's \$15 for generic and \$30 for brand. With change, a third tier would be added: \$50 for specialty medications. The rate increase would decrease by .4%, a difference of \$128,442.
- **Item 2 – Option 2 - Change Out of Pocket Maximum.** Currently, it's \$600 for individuals and \$1,200 for families. With change, the OOPM would be \$1,000 for individuals and \$2,000 for families: \$50 for specialty medications. The rate increase would decrease by .35%, a difference of \$112,442.
- **Item 3 – Option 3 - Add Hospital Inpatient Copay** - Currently, there's no charge (\$0) for hospital stays. With change, the copay per day would be \$50, with a \$250 maximum per admission. The rate increase would decrease by .20%, a difference of \$64,232.

Tom Armstrong requested additional information from Kaiser—how many members could potentially be affected by these changes based on past claims?

Rates for the Medicare retiree supplemental plan, Kaiser Senior Advantage will increase by 3.1%.

Slide 33 highlighted the one-year rate renewal proposal made by Kaiser, the fully insured plan, for dental coverage. Kaiser has requested a 2.4% or \$76,370 increase for the next plan year.

As slides 35 to 41 highlighted, there are no changes in the City's ancillary plans, which includes life and disability, the employee assistance program (EAP) and the flexible spending account programs.

Committee members had asked Aon to review and compile information on benefits which are currently not covered or only partially covered by the current CityCore plan. These benefits include orthotics and hearing aids. Members are also interested in continuing to waive copays for in-network mental health and substance abuse provider visits.

As slide 43 showed, members who need orthotics would have to meet the \$250 deductible and then pay 20% of any coinsurance (the plan would pay for 80% of the cost). Coverage would not include a dollar or frequency limit. Based on current claims denials, Moda estimates the claims impact could be .04% or \$21,000 per year. Aon will request Moda's numbers from their book of business and present additional findings in an upcoming meeting.

Slide 44 highlighted the existing hearing aid coverage under the CityCore plan. Currently, hearing aids for children ages 0 through 25 are covered at 80% for in-network providers/services; two new units are available every three years. For adults, age 26 and older, hearing aids are covered at 60% with a \$1,200 maximum per ear every 36 months. According to Moda, the City's coverage is greater than other peer groups and Moda's standard plans do not include hearing aid coverage.

Moda has a new partnership with TruHearing and significant discounts will be available to Moda members who receive their hearing exam through TruHearing. VSP also has a partnership with TruHearing. Average costs for hearing aids through TruHearing range from \$1,795 to \$2,780 without the discount applied, or \$975 to \$1,425 with the discounts applied. Aon is currently compiling the numbers if coverage for adults increased to 80% coverage for adults.

As slide 46 highlighted, the mental health claims experience numbers for this current plan year are incomplete as only July 1, 2019 to December 31, 2019 are included. Claire Houston would like to see in-patient substance abuse coverage be increased to the same level as in-patient mental health coverage.

4. Fertility Subcommittee Formation

Committee members were asked to volunteer for the fertility subcommittee with the goal of reviewing potential plan options that are equitable, affordable and sustainable for City employees. Rachel Whiteside, Jamie Doscher, Ashlie Grundy, Alan Ferschweiler and Dave Benson all volunteered.

5. Other Business: None

6. Public Comment: Claire Adamsick, a staff member with Commissioner Fritz's office, volunteered to speak with fertility subcommittee members at future meetings.

7. Next Meeting: February 4, 2020. The meeting will begin at 1:30 PM and will be scheduled to go until 3:00 PM. January's meeting is scheduled in Conference Room 206 at the Portland Building, 1120 SW Fifth Ave.

8. The meeting was adjourned at 3:23 pm.