

ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, September 21, 2016 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Jay Anderson, Committee Co-Chair.

Members Present:	Tom Stanley	Jay Anderson
	Angie Mattsen	Gordy Halverson
	Mark Rubin	Jim Gottschald
	Lori Ulvi	Kevin Gray
	Connie Westlund	Marsha Callahan-Ness
	Jolene Jamnick	Heather Ninefeldt
	Don Dicklich	

Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	David Kuschel
	Kelly Petkovsek	Adrienne Maki

The July 2016 minutes were approved by consensus.

Presentations

1. The first item from the agenda was the Healthentic Report presented by Ms. Petkovsek of Delta Dental. She noted the following from the report:
 - The report was not reflective of claims but instead behaviors (i.e. includes denied claims as well as paid claims)
 - Data was based on the plan population of 2,345 members who were covered for all of 2015
 - The plan's oral health score was 64 (reference population was 67)
 - 35% of members were categorized as Healthy meaning they had preventative services and required nothing more (8% lower than the reference population)
 - 24% of members were categorized as Moderate meaning they needed services beyond preventative and received those services (33% above reference population)
 - 20% of members were categorized as Serious meaning they had either extensive care or emergency care only; these members often have a medical claim as well (i.e. ER visit for tooth pain, 43% above reference population)
 - 21% of members were categorized as No visits meaning no dental claims in 2015 (24% below reference population)
 - 61% of No Visit members had no dental claims for at least two years
 - Total cost per member with no oral exam was \$1,432 and total cost per member with oral exam was \$920; hence, those who utilize preventative dental benefits incur \$512 less when they do need dental services
 - Most members who have Periodontal disease tend to have Diabetes
 - 232 members had restorative treatment and no follow-up visit
 - 26 members had Periodontal treatment and no follow-up visit

- Studies show that 15% of diabetic members have gum disease and 43% had no dental check-up in the past year
 - Studies show that 14% of members with heart disease have gum disease and 40% had no dental check-up in the past year.
 - Delta will, upon employer request, mail postcard reminders to members regarding their need for a preventative visit; the cost was \$1 per card
 - People have a fear of the dentist and they tend to think they don't need to go to the dentist unless it hurts; it is difficult to change this behavior
2. The next item from the agenda was a dental renewal projection also presented by Ms. Petkovsek. First, she reviewed the self-insured employee dental plan. The experience period ran from July of 2015 through June of 2016. Claims totaled \$997,091 and enrollment was 2,474 members. The trend factor was 3.5%. Projected paid claims were \$1,031,982 and the administrative fee per member per month increased by 2.3% from \$2.23 to \$2.36 and this rate would be capped through 2019. The expected claim rate was \$36.99 per month. The last administrative fee increase was in 2011 (also 2.3%). The Committee approved, by consensus, a 2% increase to the employee dental plan rate.
- Next, Ms. Petkovsek reviewed the fully-insured dependent dental plan. The experience period ran from June of 2015 through May of 2016. Rates had not increased since 2009 in this plan. Claims totaled \$188,130 and enrollment was 415 members. The trend factor was 5.6%. Delta offered no rate change and the current rate was guaranteed through 2019.
3. The next item from the agenda was an age demographics report presented by Ms. Menor. She provided a handout with data represented in both list and chart formats. The data shared was a breakdown of employees, retirees and spouses turning age 65 by year over the next twelve years. Ms. Menor noted that there was not a sharp rise or fall in those who would be becoming Medicare-eligible in any given year but instead a steady and significant number (typically 100 per year) over the next decade. She also provided a breakdown of the 35 retirees on the self-insured health plan who were over age 65. She noted that 8 of these retirees were not Medicare-eligible and could not move to the County's Medicare supplement plan, 11 of these retirees could move but have not and it was unknown if the remaining 16 were Medicare-eligible.
4. The next item from the agenda was the Claims Drivers Report also presented by Ms. Menor. Ms. Menor noted that the report did not significantly differ from the prior meeting with the exception of the Top 15 Drugs by Plan Paid chart where Sovaldi took over Humira as the top drug in spend. The fourth from the top drug, Daklinza, like Sovaldi, was also used to treat Hepatitis C. Ms. Menor also noted that Crestor continued to dive down the chart since the generic became available. The Committee requested to have an additional report at each meeting that would include all cases over \$75,000.

5. The next item from the agenda was the medical renewal for 2017 presented by David Kuschel of BlueCross and BlueShield of Minnesota (BCBSM). Mr. Kuschel provided a renewal based on the 2017 benefit design that included the most recent 24 months of data broken into two 12 month periods. Medical trend was 6.9% in time period one and 6.8% in time period two. Mr. Kuschel noted that the 12% increase to the stop loss rate was 44% under formula. The formula (actuarial value) required a 154% increase. He also noted that the adjustments in red reflected the savings the plan could have experienced had tiering been in effect over the past 24 months. These amounts were \$2.9 million for time period 1 and \$2.5 million for time period 2. Mr. Kuschel noted that the administrative fee increased by 6% which included a \$1 per contract cost to build the custom tiered network and that the Omada benefit added 0.8%. The expected claims for 2017 were \$33,551,796. The recommended change in rates was 0%. Mr. Anderson reminded the Committee that the BCBSM rate recommendation for 2016 was 6.2% and the County Board adopted a 3.75% increase and that tiering was estimated to save 11% (\$4 million) in 2017.
6. The next item from the agenda was the County Auditor's financial report. Mr. Dicklich noted that the plan lost approximately \$5 million last year and was projected to lose \$7 million by year end and that three of the past five years we had no rate increase. Mr. Anderson noted that revenues have been flat while expenses have increased by \$9 million over the past five years and that the shortages have come out of the health plan reserves. Mr. Gottschald added that revenues have been flat due to the expiration of the Retiree Reinsurance funding, fewer medical contracts and the \$37.72 cap on the employee contribution for single coverage for most labor units. If the cap was not in place, the monthly premium would be approximately \$62/month. The shortages have come out of the reserves which are projected by year end to be down to an amount equal to one month of claims. Mr. Coenen stated that the industry standard was a range of 3-6 months of claims in reserve. As recently as 2013 the reserve balance was equal to 6 months of claims. Mr. Dicklich added that the plan also has a \$4.6 million OPEB liability which is greater than the current fund balance.

Mr. Gray shared two handouts he prepared for the County Board for their recent budget discussions of the health plan rate increase for 2017. They provided a visual representation of the relationship between revenues and expenses and fund balance since 2010. Discussion ensued over the appropriate rate recommendation. Points of consideration included the financial impact on employees and their families as well as taxpayers, the need to rebuild the fund balance to an adequate level, the likelihood of another rate increase needed in 2018, the savings the plan will experience from the tiered plan design, potential savings from members transitioning to Medicare and the impact on operational costs county-wide under the potential scenario where Standard and Poor's lowers the County's credit rating due to a negative health plan balance. The

Committee agreed by consensus to recommend a 2017 medical premium rate increase ranging from 12.5% to 15%.

7. The next item from the agenda was renewal action on the National Diabetes Prevention Program (NDPP) benefit. Mr. Gottschald provided a report that summarized the results of the online Omada program. He noted that 305 members applied, 224 were accepted and 187 have enrolled. He contrasted this high engagement level with the 16 members who opted for the classroom NDPP option and 11 members who were enrolled through Essentia. Of the 187 enrolled, 91% had completed 16 weeks of the program, 87% completed at least 4 weeks and 81% completed at least 9 weeks. The Center's for Disease Control required a 5.5% weight loss retained over two years and this was the current weight loss of the St. Louis County health plan members. Mr. Gottschald pointed out that Minnesota is leading the way (and St. Louis County is leading the way among Minnesota employers) with this program which will soon be offered as a standard Medicare benefit beginning in 2018. Medicaid currently covered this program. The Committee agreed by consensus to continue offering the NDPP program.
8. The next item from the agenda was renewal action on Change Health Care for 2017. Ms. Menor provided a report that summarized the results of the program. She noted that the program saved the plan \$1,724 since its inception on 1/1/16 but the program cost approximately \$23,000/year. Committee members reported receiving communications from Change Health Care that were generic, unhelpful, inaccurate and nonsensical. Mr. Kuschel reported that St. Louis County was the only client of his that currently purchased the Change Health Care product but he did have one client with a similar but different vendor and that client had experienced similar results. Mr. Kuschel added that the challenges of the program were 1) pharmacy copay savings weren't typically significant enough to drive behavior change; 2) the low cost pharmacy frequently changes; and 3) medical services savings, unless the member has a chronic condition, are made known afterwards and identical medical services are not often repeated. Ms. Menor added that the BCBSM website where members can comparison shop for medical services would be the same webpage where members would go to look up their doctor's tiering status so traffic should increase there. The Committee agreed by consensus to discontinue the Change Health Care product.

Old Business

9. The next item from the agenda was consideration of the elimination of the retiree premium discount. Ms. Menor reminded the Committee that the discount of \$96.40 per month was currently given to approximately a dozen retirees in the self-insured health plan who were also enrolled in Medicare Part A and B. These retirees were eligible to move to the St. Louis County Group Senior

Gold/Medicare BlueRx plans but opted to stay in the self-insured plan. The discount was given to help offset the retiree's part B Medicare premium. The discount was initially granted years ago as a goodwill gesture because Medicare was paying the majority of the retiree's claim. This was not necessarily the case any longer given the skyrocketing costs of prescription drugs. The St. Louis County health plan covers these retirees' drug costs, Medicare does not. The Committee agreed by consensus to eliminate the retiree discount effective January 1, 2017.

New Business

10. The next item from the agenda was the Tiering Tutorial Mock Up which, in the interest of time, was tabled to the next meeting.

Other Business

11. The first item brought up under Other Business was approval of 2016 flu clinic funding which was tabled to the next meeting.
12. Mr. Gottschald recognized Ms. Kari for her 23rd place finish at the World Triathlon Olympics in Cozumel, Mexico where she was invited to compete as a representative of the U.S.A.

With no further business the meeting was adjourned.

Respectfully submitted,



Beth J. Menor
Senior Benefits Advisor