ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, September 19, 2018 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Don Dicklich, Committee Co-Chair.

Members Present:	Lori Ulvi	Heather Ninefeldt
	Tom Stanley (9:05)	Nancy Hintsa
	Jim Gottschald	Alicia Carrillo
	Don Dicklich	Marsha Callahan-Ness
	Krista VanSickel	Kevin Gray (9:35)
	Mark Rubin (9:15)	
	Christina Hansen for Angie Mattsen	
	Tom Hdrava for Gordy Halverson	
	Kay Lokken for Connie Westlund	
Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	Kelly Petkovsek
	Dave Kuschel	Jolene Jamnick
	Sheri Vetscher	Arne Zopfi

The July minutes were approved by consensus with no requested changes.

PRESENTATIONS

1. The first item from the agenda under Presentations was the second quarter pharmacy review and Prescription (Rx) Copay alternatives presented by Ms. Vetscher of Prime Therapeutics. Ms. Vetscher provided a written report and highlighted the following:
    - The report compared claims from January through June of 2018 to January through June of 2017
    - Trend was -0.5% which out-performed all other Prime clients but a low trend was to be expected because spend was high
    - Trend was impacted positively by 2% due to retirees moving to Medicare
    - Generic utilization was up 1.3% to 86.9%
    - Member contributions were 7.9% of spend, down from 9.2%
    - BCBSM's book of business typically has 60% of pharmacy spend in the specialty arena
    - 41.8% of St. Louis County's pharmacy spend was on specialty medications.
    - Total per member per month (PMPM) was $105.55, a 0.4% increase
    - There were 125.6 scripts per 100 members, a 2.2% decrease
    - Dispensing fees decreased by 27.5% due to the new network in 2017 that carved out CVS/Target
    - Average ingredient cost per Rx was $82.41, a 2.9% increase, but less than the BCBSM book of business at $89.17
    - Auto-immune spend increased by over 4%

- Asthma spend increased $.09 PMPM due to the anticipation of a generic coming to market (manufacturers increase price right before patent expiration)
- Member cost share had eroded from 16.1% of total spend in 2007 to 7.9% in 2018

Ms. Vetscher provided alternative pharmacy copay options at the request of the Committee. The alternatives included four proposals as well as the current copay structure. The proposals would all increase the member cost share, the amount of the increase ranged from 8% to close to 12%. She highlighted the following regarding the alternatives:

- Over 50% of employers have adopted or plan to adopt an Rx co-insurance model
- The co-insurance model was more likely to cause members to shift to lower cost medications, resulting in additional savings which could not be projected
- The co-insurance model drives consumerism and the benefit design doesn't need to be updated as often as a copay model
- Because individuals with diabetes often have comorbidities, managing a member's diabetes also manages their comorbidities and in turn mitigates increases to medical spend, hence, this therapeutic class is unique and benefits from a continued zero dollar copay on diabetic supplies
- Congress passed a law banning pharmacies from requiring members to use insurance and requires them to inform their customer of the difference in the members' cost between paying cash or paying their copay
- The Federal Drug Agency (FDA) approved 11 bio-similars (generic equivalent of a specialty medication) over the past 10 years, but only four had come to market due to patent litigation
- 85% of members on specialty medications in one Prime group were utilizing manufacturer coupons

The Committee agreed by consensus to bring the member copay/coinsurance alternatives (with the revisions below) back to their respective memberships to solicit feedback.

- Remove the Out of Pocket (OOP) Max, as it was not accurate or relevant
- Move Medication Therapy Management (MTM) copay structure to a separate page
- Add common and specialty drug names and costs for reference
- Remove alternatives #1 and #3 to reduce alternatives from four to two, which could then be presented to members along with the current copay level

2. The next item from the agenda was the recommended medical premium rate. Mr. Kuschel of BlueCross and BlueShield of Minnesota (BCBSM) reviewed the updated renewal which was based on the 2018 benefit design and included the most recent 24 months of data broken into two 12 month periods. Medical trend was 7.4% in both time periods. The proposed administrative fee increased by 0% at $37.21 per contract per month and the proposed stop loss rate increased by 9.5% to $10.70 per contract per month. The expected claims for 2019 were $34,369,132.

   The recommended change in rates was +5.0%. Mr. Kuschel noted the following from the renewal:

   - 25% of the data in the BCBS renewal was prior to the tiered benefit design
   - Claims were the same during period 1 as period 2
   - BCBSM administers the MTM and small group fitness program at no additional cost
   - BCBSM returns 92% of pharmaceutical manufacturer savings back to the group
   - BCBSM will give a $150,000 wellness grant to the group in 2019, per the recent Request for Proposal (RFP)
   - BCBSM's target for provider discounts was 41% for 2019 with 10% of administrative fees at risk
   - BCBSM tied an additional 10% of administrative fees to performance guarantees

   Mr. Dicklich provided the Auditor's Financial Report. The projected year-end fund balance of $6,514,982 would be a net decrease of $655,809 by year-end. This was approximately $3 million dollars less than the projections given at the May meeting.

   Mr. Gottschald added that BCBSM projections were only based on data through June of 2018 whereas the Auditor's projections were based on data through the previous week.

   Ms. Menor provided the most recent Omada report and highlighted the following:
   - To date, 312 health plan members had participated in the online diabetes prevention program
   - The health plan only incurs costs on a per participant basis
   - The health plan pays when participants reach program benchmarks
   - The health plan pays $750 per participant if he/she reaches all benchmarks
   - Participants averaged a 4.7% weight loss upon completion of the program which out-performed Omada's book of business

The Committee agreed by consensus that this program was low cost with high benefit and recommended the program transition from a pilot program to an ongoing part of the medical benefit design.

Discussion ensued regarding the recommended medical rate. Discussion points included the hardship of increases on employees and taxpayers, maintaining the financial viability of the plan, the historical approach to rate-setting and the rebuilding of the fund reserves. The Committee did not arrive at consensus on a recommended medical rate. Member recommendations ranged from 0-10%.

3. Ms. Petkovsek of Delta Dental provided the annual Healthentic report and a renewal projection for 2019. She highlighted the following from her handouts:

    - No administrative fee increases over the next 5 years
    - 2018 claims were $1,128,943
    - Projected 2019 claims were $1,206,311
    - Trend was 3.5%
    - Average age was 53 years
    - The plan members' behavior patterns were as follows:
        - 34% Healthy – preventive only dental services
        - 24% Moderate – preventive plus something minor
        - 22% Serious – gaps in care
        - 20% No visits- 12 months of coverage and no claims
        - 178 employees had no visits in two years
    - There was not much change in behavior this year over last
    - 289 of the 494 members who did not have any dental visit in 2017, also did not have a dental visit in 2016
    - Members who have regular oral exams cost the plan approximately $600 less than those who skip exams and preventive services
    - 19% of those with periodontal disease were overdue for a follow-up visit
    - The dependent dental plan was not reviewed as the rates were guaranteed through 2019 and there were no requested benefit design changes

    Discussion turned to the recommended rate. Discussion points revolved around how the dental plan had been relatively low risk with little fluctuation so the Delta recommendation was typically accurate. Consensus was achieved on a recommended 2.0% increase to the employee dental rate in 2019.

<u>OLD BUSINESS</u>

4. The first item from the agenda under Old Business was 2017 Pathology cost drivers. Mr. Kuschel reported that the spike in costs originated in the age 65+ retirees, a very small sub-group of the plan membership. The Blue Cross Blue Shield of Minnesota recommendation was to monitor this cost category going forward to determine if

there would be a trend. The increase in cost, although steep, was small overall so further investigation was unwarranted at this time.

NEW BUSINESS

5. The first item from the agenda under New Business was PPO (Preferred Provider Organization) and Premier dental networks. Ms. Petkovsek reported that Matthew Jugovich from Pike Lake Dental sent a letter to his patients announcing his intention to move from the PPO to the Premier network effective 1/1/2019. The PPO network dentists have lower negotiated rates. Both the self-insured dental plan and the dependent dental plan covered PPO and Premier dentists, so members would still have the same coverage with this dentist, but could have slightly higher out-of-pocket costs. Ms. Petkovsek recommended that patients get a pre-treatment estimate. The average difference in cost between a PPO and Premier dentist was $5.55 ($0 for the member) for a cleaning, $4 ($0 for the member) for an exam and $113 ($22 for the member) for a crown. Ms. Petkovsek also reported that this dentist generated $41,036 (3.5% of dental claims) in plan revenue. She added that dental plans in the Metro area of the state incent members to visit PPO providers as the cost differential is much larger in this geographical area. The shortage of dentists in rural areas prevents dental plans in this part of the state from adopting similar benefit designs.

With no further business the meeting was adjourned.

Respectfully submitted,

Beth J. Menor

Beth J. Menor
Senior Benefits Advisor