

ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, July 18, 2018 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Gordy Halverson, Committee Co-Chair.

Members Present:	Angie Mattsen	Lori Ulvi
	Heather Ninfeldt	Jim Nephew for Tom Stanley
	Jim Gottschald	Alicia Carrillo
	Connie Westlund	Nancy Hintsa
	Don Dicklich	Marsha Callahan-Ness
	Krista VanSickel	Gordy Halverson
	Mark Rubin	

Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	Kay Lokken
	Dave Kuschel	Jolene Jamnick
	Erik Skoog	

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

PRESENTATIONS

1. The first item from the agenda was the 2019 preliminary renewal presented by Mr. Kuschel of BlueCross and BlueShield of MN (BCBSM). Mr. Kuschel provided a handout on the renewal. He noted the following:
 - The renewal was based on 24 months of the most recent data. Time period 2 (the older time period) had \$32.0 million in incurred claims and Time period 1 (the most recent time period) had \$30.7 million.
 - No stop loss violations occurred during either time period.
 - Time period 2 had 1.8 million factored out as the tiered benefit design was not in effect.
 - Cost trend factor ranged from 7.3% to 7.6%.
 - The projected renewal year incurred claims was \$35.8 million.
 - The current expected claims were \$34.4 million.
 - The recommended change in rates was 4.3%.

OLD BUSINESS

2. The next item from the agenda was the Claims Drivers Report presented by Ms. Menor who highlighted the following:
 - Generic utilization increased from 82% in 2017 to 85% year-to-date in 2018.
 - There was a change in the brand name override procedure and a new pharmacy network effective 1/1/2018 but Ms. Menor didn't suspect the procedural change would have led to an increase in generic

- utilization but stated it was possible that carving CVS/Target out of the network contributed.
- Symdeko was the new top drug by plan paid. It had just been approved by the FDA in February of 2018 and was used to treat Cystic Fibrosis, a disease that affects 75,000 people in all of North America, Europe and Australia.
 - The cost of Symdeko was \$484 per tablet and is taken twice daily for up to 48 weeks.
 - Most BlueCross & BlueShield of Minnesota (BCBSM) plans did not yet have coverage for this medication. Prior to adding a new drug to the formulary, Prime Therapeutics does an assessment on cost, efficacy and alternatives. The analysis determines if the drug should be added to the formulary.
 - St. Louis County has an open formulary meaning the plan covers all drugs with FDA approval unless the drug is on the BCBSM one-page exclusion list. Drugs not on the formulary or exclusion list have a monthly \$40 copay.
 - The 12th highest case on the high case report was for treatment of Cystic Fibrosis and had incurred \$116,000 YTD in prescription drug costs.
 - High cases in the report were identified as cases over \$75,000. The top case was over \$300,000 by July and half way to the \$750,000 stop loss threshold.
3. The next item from the agenda was the 2017 Radiology and Pathology Drivers. Mr. Kuschel provided a report and highlighted the following:
- Radiology averaged \$22.90 per service in 2016 and \$34.59 in 2017.
 - Radiology utilization increased 23.4% and cost per visit increased 22.4% in 2017.
 - The reference population (other Minnesota cities and counties in BCBSM book of business) averaged \$21.33 per service under radiology.
 - Pathology and lab had a cost/service increase of 87.4% while utilization decreased by 29.1%.
 - Radiology billed under professional services averaged \$20.81/service in 2017, the reference population's average cost was \$10.70/service
 - Radiology utilization billed under professional services increased by 1.2% while cost increased by 3.3%
 - Pathology billed under professional services averaged \$14.28/service in 2017, the reference population's average cost was \$8.89/service.

Mr. Dicklich requested further analysis on pathology cost drivers. BlueCross committed to diving deeper into the data and reporting back at the September meeting.

NEW BUSINESS

4. The first item under New Business was the Auditor's financial report. Mr. Dicklich provided an updated health fund report. He highlighted the following:

- Change in net assets decreased from over \$200,000 at the May meeting to \$53,999.
 - The report was based on data available through June 30, 2018.
 - Claims typically have a two month run-out so the report was likely based on claims incurred through April.
 - Current projections were for the fund to be close to breaking even by year's end.
5. The next item from the agenda was an update on the request for proposals for Claims Administrator. Mr. Gottschald summarized the activities and progress to-date:
- Interviews with finalists were conducted on June 14th. Committee members Connie Westlund, Don Dicklich, Mark Rubin, Alicia Carrillo, Kevin Gray and Beth Menor participated.
 - Two very competitive proposals were received from BCBSM and Health Partners
 - Medica did reach out to commit to a future proposal but declined to submit a proposal this time.
 - In 2019, BCBSM will implement two new programs:
 - **Vitals** gives health plan members a cash incentive when they choose the low cost provider for hundreds of common medical procedures. The plan cost will be \$2.30/contract/month plus the cost of the incentives. Expected return on investment was five to one.
 - **ShareCare**, a health and wellness app, will be available to all BCBSM members at no cost. It incorporated a savvy health-risk assessment and high levels of engagement. Wellness incentives could be incorporated.
 - Mr. Gottschald provided a handout with a side by side comparison of the two proposals.

Discussion ensued over the merits of each proposal. While the Committee was unable to achieve full consensus on which proposal they preferred, all but one member favored the submission by Blue Cross Blue Shield of Minnesota.

OTHER BUSINESS

6. The first item under Other Business was a review of the current committee membership roster. Ms. Menor asked all members to review and report back any needed edits.
7. The next item under Other Business was an announcement by Ms. Menor that she will offer an orientation session for new committee members just prior to all future committee meetings.

8. The next item under Other Business was a wellness program update by Ms. Kari. She reported that the Duluth farmer's market had been well-received by employees and that the City of Duluth had been a great partner.
9. The next item under Other Business was a reminder from Mr. Gottschald that Prime Therapeutics would be presenting at a future meeting on pharmacy benefit alternatives including copay structures.
10. The next item under Other Business was an invitation from Mr. Gottschald to an in-house opioid education initiative kicking off the following day. His vision was to have the education delivered to health plan members by healthcare professionals and to develop education that would be easily duplicated by other cities, counties and employers.
11. The next item under Other Business was a request by Ms. Ninefeldt for the Committee to explore adding vision and hearing care. She specified eyeglasses and contact lenses under vision care and committed to following up with her membership for more detail on hearing care.

With no further business the meeting was adjourned.

Respectfully submitted,



Beth J. Menor
Senior Benefits Advisor