ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, July 17, 2019 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Jim Gottschald, Committee Co-Chair.

Members Present:	Angie Mattsen	Lori Ulvi
	Heather Ninefeldt	Nora Sandstad for Tom Stanley
	Jim Gottschald	Alicia Carrillo
	Connie Westlund	Nancy Hintsa
	Judy Wahlberg	Gordy Halverson
	Krista VanSickel	Kevin Gray
	Mark Rubin	Nancy Nilsen
Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	Kay Lokken
	Jenny Orrie	Jolene Jamnick
	Charlie Hopkins	Colleen Effinger

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

PRESENTATIONS

1. The only item from the agenda under Presentations was the 2020 preliminary renewal presented by Mr. Hopkins of BlueCross and BlueShield of MN (BCBSM). Mr. Hopkins 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 $30.4 million in incurred claims and Time period 1 (the most recent time period) had $34.7 million.
    - New this year was the weighting of the two time periods which changed from 2/3 weight on the most recent time period and 1/3 on the other to 80% on the most recent and 20% on the other.
    - ERG or illness burden was 1.163.
    - There was a stop loss violation in rating period 1 which had exceeded the threshold by $23,069 at the time the report was created.
    - Cost trend factor ranged from 7.3% to 7.6%.
    - The projected renewal year incurred claims was $38.1 million.
    - The current expected claims were $35.1 million.
    - The recommended change in rates was 8.7%.
    - Costs over the last 4 months had been incurring slower than they had over the last 12 months.
    - The 2019 administrative fee will be $38.70 (a 4% contracted increase) per contract per month.
    - The 2019 stop loss fee will be $11.72 (a 9.5% contracted increase) per contract per month.
    - The total expected plan costs were $39.3 million, an 8.6% increase.

OLD BUSINESS

2. The first item from the agenda under Old Business was a few follow-up items on the Healthcare Insights report given by Mr. Hopkins at the May meeting. Mr. Hopkins provided a handout which highlighted:
    - The top diagnostic grouping for other City/County groups was births, here it was joint replacements.
    - St. Lukes was the most utilized provider for joint replacements.
    - The average cost of a joint replacement in the plan was $27,99; the reference group average cost was $25,979.
    - The plan spends 3-4 times the amount of the BCBSM commercial business on joint replacements.
    - Most Spinal fusions were performed at Essentia.

3. The next item from the agenda under Old Business was the KeyRx formulary. Ms. Menor provided a KeyRx handout for labor representatives to share with their memberships. The handout included the following key talking points:
    - Our current drug coverage (FlexRx) incents us to use generics even when their cost exceeds the cost of brand medications. The KeyRx formulary aligns our drug copays to the final cost of the medications (list price minus rebates). When there are multiple medications to treat the same health condition the most costly versions have the higher $20 or 40 drug copay and the least costly versions have the lower $10 or $20 copay.
    - BCBSM estimates savings of $420,000 each year if we move from FlexRx to KeyRx. These savings will help control premium increases and support the sustainability of our health plan.
    - Ninety percent or more of generic medications continue to be VASTLY less expensive ($450+ on average) than the brand name, however, about 5% of generics can be just as costly (or more costly) as their brand.
    - The proposed change is to the drug formulary, not the drug copay amounts which would remain at $10, $20 or $40.
    - KeyRx is a line of defense against the widely-reported price gouging by pharmaceutical manufacturers.
    - Pharmacists will receive a point-of-sale (POS) message detailing any alternatives if member attempts to fill a non-covered medication.
    - Medications, just like our automobiles, can be “made in the USA” by an American company but the component parts/ingredients are most often imported from foreign countries. FDA standards apply to all medications sold here no matter if they are 100% American made, 100% imported or as is most often the case, a hybrid. The pharmaceutical industry is not required to identify the ingredient source on labels.

- To look up a medication go to: www.stlouiscountymn.gov/benefits. Select HEALTH PLAN, PRESCRIPTION DRUGS and FIND MY MEDICINE . Next, select FLEX RX to see your current coverage and/or KEY RX to see proposed coverage.
- The formulary, or a list of medications covered by the health plan, has been and will continue to be subject to review and updating every quarter; cannot, by law, exclude whole classes of medications (i.e. they can't exclude all asthma medications but they can include some and exclude some); and assigns a copay tier to each covered medication based on cost.
- The current coverage exception process would remain in place for many medications and existing coverage exception approvals (prior authorizations) would remain in place until they expire.
- Moving to the KeyRx formulary will cause approximately 15% of us to experience disruption. Many in the 15% will be able to avoid increased out-of-pocket costs. Those of us whom BlueCross anticipates will have disruption would be sent a letter, in advance, outlining lower cost options.
- Some brand and generic medications currently in the $10 or 20 copay category would move to the $40 copay category under the KeyRx formulary. Many will have alternative versions available in KeyRx under the $10-$20 copay category. A change from FlexRx to KeyRx would not affect the MTM (medication therapy management) program or the $0 copay on diabetic supplies.
- Much of KeyRx's value is with new-to-market medications that are vetted for efficacy and whose cost is negotiated prior to being added to the formulary.
- Readily available over-the-counter medications (primarily acid reducers and allergy relief) are not covered under KeyRx as they can be purchased without a prescription for a similar cost to the FlexRx copay we pay today. These can still be reimbursed through a flex plan (FSA) with letter of medical necessity from your physician.

4. The next item from the agenda under Old Business was an ACA update by Ms. Menor. She reported that the U.S. House of Representatives was currently voting on a bill to repeal the Cadillac tax, a 40% excise tax on the excess value of a health plan. The bill was expected to pass as it had 368 sponsors in the House and 42 sponsors in the Senate on the companion bill.

   She also reported that the final regulations on Individual HRAs were published on 6/13/19. These final rules allow employers to offer cash in lieu of health coverage if the employee purchases individual health coverage. The employer would avoid any ACA penalties.

   Lastly, on 6/27/19 an executive order was issued in the form of a broad policy. The order did not make any changes to existing regulations, but directed federal agencies to issue new guidance. Ms. Menor predicted this was the start of a two year process. The administration wants to expand access to Health Savings

Accounts (HSAs), allow certain arrangements to be considered eligible medical expenses under the tax code, increase Flexible Spending Account (FSA) carryover funds, and require hospitals to post their prices in an easy to understand, consumer-friendly, machine-readable format. They want health plans to provide information about expected out-of-pocket costs to patients before they receive care, a report on the manner in which federal government and private industry impede price and quality transparency in healthcare and steps to increase efficiency in governmental health plan programs as well as leverage the health data from these programs. Lastly, they want a report on steps they can take to eliminate surprise medical billing.

NEW BUSINESS

5. The first item under New Business was the Auditor's financial report. Ms. Nilsen provided an updated health fund report. She highlighted the following:
    - The report was based on data available through June 30, 2018.
    - Claims typically fluctuate throughout the year.
    - Current projections were based on the first six months of data that was extrapolated over the remainder of the year.
    - The projected year-end fund balance was $8,586,871 which would be an increase of $2.3 million over the 2018 year-end fund balance.
    - The industry goal is to have 3-6 months of claims expenses in the fund balance at any given time.

6. The next item from the agenda under New Business was a vision plan proposal. Ms. Orrie, with BlueCross and BlueShield of Minnesota (BCBSM) provided a written proposal and revealed that BCBSM had been partnering with Davis Vision since 2016. Davis Vision's role is claims processing and network management. She added that voluntary vision programs were the industry standard and that fifteen members would be the minimum enrollment required for a group vision plan. The vision plan would be a stand-alone plan meaning that employees and/or family members who were not covered by the health plan could still enroll in the vision plan and that not all family members covered by the health plan would have to enroll in the vision plan. BCBSM vision members save an average of 60% off retail cost of vision hardware (frames, lenses, contacts). Ms. Orrie highlighted some of the plan coverages:
    - Frame allowance every 12 months of $130 anywhere or $180 at Visionworks.
    - Member chooses coverage for glasses or contacts each year.
    - $10 for polycarbonate lenses
    - A collection of 220 frames will cost member $0-$25
    - Scratch resistant coating is covered 100%
    - UV coating for $30
    - Up to 40% discount on Lasik surgery
    - Free breakage coverage

- Discounts on the most popular lens enhancements:
  - Anti-reflective
  - Progressive lenses
  - Blue light filter

Ms. Orrie explained that vision rates are low because vision plans typically have a small margin, just 2%, and not all members maximize their vision benefits. There were approximately 20 public sector employers currently offering BCBSM vision plans. Participation generally increased by one, two or three new plans each quarter. The vision plan had its own find a doctor tool at www.bluecrossmn.com/findaneyedoctor.

The committee inquired about coverage for safety glasses and Ms. Orrie suggested a customized vision plan instead of the off-the-shelf plan and committed to bringing back a quote for added safety glass coverage. Mr. Gottschald and Mr. Halverson clarified that this safety glass coverage would be an addition, not a replacement, to the current safety glass coverage outlined in some labor contracts.

Rates were guaranteed for 3 years and the committee agreed by consensus that the 3-tier premium arrangement had the best pricing and flexibility. Ms. Orrie stated that a 2020 implementation would require a decision to move forward by September of 2019. Ms. Orrie committed to providing Ms. Menor some additional information which she would then distribute to the committee members via email so they could share with their memberships and come back to the September meeting with a recommendation.

OTHER BUSINESS

There were no agenda items under Other Business.

With no further business the meeting was adjourned.

Respectfully submitted,

Beth J. Menor

Beth J. Menor
Senior Benefits Advisor