

ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, May 15, 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	Tom Stanley
	Jim Gottschald	Alicia Carrillo
	Connie Westlund	Nancy Hintsa
	Judy Wahlberg	Neil Porter
	Krista VanSickel	Nancy Nilsen
	Kevin Gray	Gordy Halverson

Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	Katie Finc
	Dave Kuschel	Jordan Well
	Charlie Hopkins	Arne Zopfi

The December and February minutes were approved by consensus with no requested changes.

PRESENTATIONS

1. The first item from the agenda under Presentations was the Health Care Insights Report presented by Charlie Hopkins of BlueCross and BlueShield of Minnesota (BCBSM). Mr. Hopkins provided the written report as well as a county/city reference report. He highlighted the following from the reports that compared 2018 claims to 2017 claims:
 - Our plan paid claims increased by 12.4% per member per month (PMPM).
 - The city/county reference groups' plan paid PMPM increased by 3%.
 - Trend or expected claims given inflation and other group experience ranged from 8 to 9%.
 - Our plan paid claims without high cases increased by just 5%.
 - Our high cases, defined as claims over \$75,000, increased by 26%.
 - Our primary cost driver in 2018 was high cases Our Illness burden or ERG was higher than the reference group indicating more severe/complex medical conditions.
 - We did not have more members hospitalized in 2018 but for those who were hospitalized their care was more costly.
 - Amongst our top 10 admits by overall spend the highest cost inpatient diagnoses (joint replacements, alcohol/drug abuse, depressive neuroses, spinal fusion) all increased while the lower cost inpatient diagnoses (vaginal delivery, normal newborn, C Section) all decreased.
 - 1.43% of the covered population accounted for 30% of spend.

Ms. Menor asked for breakdown of joint replacement providers and analysis around cost differentiation. Mr. Stanley asked for a comparison of joint replacement utilization and spend with commercial BCBS business. Mr. Gottschald asked for breakdown of ERG among, spouses, actives, retirees, and children.

2. The next item from the agenda under Presentations was the KeyRx formulary presented by Arni Zopfi and Jordan Well of Prime Therapeutics. Mr. Zopfi and Mr. Well highlighted the following from their handout:
 - Adopting the KeyRx formulary would result in estimated future annual savings of \$427,782 which was calculated on 2018 claims.
 - Savings would be recurring each year.
 - Generic drugs are no longer the default low-cost option. Some brand medications are now a lower cost than generics.
 - One member using a non-preferred insulin (as one example) could be costing an additional \$3,000-\$6,000 every month as compared to a member using a preferred insulin with both insulins having the same clinical efficacy.
 - This closed KeyRx formulary is designed to drive members to the lowest net-cost and clinically appropriate version of similar and identical medications.
 - Much of the value in this formulary is that new-to-market medications are vetted for efficacy and cost is negotiated prior to being added to the formulary.
 - This formulary allows Prime Therapeutics a line of defense against the widely reported price gouging by pharmaceutical manufacturers.
 - Medications available over the counter (OTC) are not included in the KeyRx formulary as they are available for similar cost to the member at numerous retail locations.
 - Out of approximately 4,800 health plan members 315 or 6% would experience some disruption with the change from the current FlexRx formulary to this KeyRx formulary, however this did not include those members with a potential increase in copay.
 - Disruption could be experienced as an increase in a copay, changing to a similar medication to keep same copay level, purchasing previously covered medication over the counter or applying for a coverage exception to keep coverage for a medication.
 - 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.
 - BCBSM sends letters out in advance to all members who would experience any disruption.
 - POS or point of sale messaging detailing covered alternatives would occur at the pharmacy when a non-covered medication is attempted to be filled.
 - Mr. Kuschel advised that the business rules on KeyRx formulary may require a wider spread between the second and third drug tiers.

- Mr. Kuschel agreed to investigate the KeyRx business rules and Mr. Zopfi agreed to report back on the additional disruption from those with an increased copay.

OLD BUSINESS

3. The only item from the agenda under Old Business was the 2019 Claims Drivers. Ms. Menor provided the standard claims drivers report and a high case report which included any claims over \$25,000 since it was early in the year. She highlighted the following:
 - Our year-to-date PMPM was about that same as last year.
 - Inpatient claims continued to be high in 2019 as they were in 2018.
 - There was not much movement in providers. Essentia Health remained at the top for utilization and cost.
 - Year-to-date drug spend was \$1.3 million, about 26% of 2018 total drug spend.
 - Humira remains our top drug by spend.
 - The top claim by spend, at \$689,000 in 2019, was partially incurred in 2018 and resulted in a 2018 stop loss claim.
 - The report had a third child (in addition to the two on all previous reports) with a diagnosis of metabolic disorders.
 - Mr. Kuschel reported that this child had a transplant in 2018 and had incurred \$600,000 in total claims. He also reported that there would be ongoing claims for this child but not enough claims to reach the \$750,000 stop loss threshold.
 - Ms. Menor pointed out that neither our wellness initiatives nor our stop loss threshold would help to contain costs so there was not any action for the committee to take.

NEW BUSINESS

4. The first item from the agenda under New Business was discussion on adoption of the KeyRx formulary. Discussion ensued around the challenges of communicating the changes to members, the potential cost savings or small price increase of moving to OTC products, and the expectation that this change would be the least disruptive change to result in a half million dollars in annual savings. Mr. Zopfi agreed to report back on the remaining unanswered KeyRx questions and the committee members agreed to then bring the proposal back to their respective memberships.

OTHER BUSINESS

5. The first item from the agenda under Other Business was a handout provided by Ms. Menor that compared premium amounts, premium increases and decreases, cost

sharing and other details about the health plans offered by us and some of our peer employers in Minnesota.

6. The next item under Other Business was a summary by Mr. Gottschald of a recent strategy meeting attended by the union representatives. The brainstorming session around actions to sustain our health plan resulted in ideas identified in five areas of focus: 1) Paring down from three to one cost-sharing structure 2) Alternative deductibles, coinsurance and out-of-pocket maximums 3) Alternate Rx copay structure 4) Spousal employer coverage prerequisite and 5) Addressing the unfunded portion of the health premium.
7. The next item from the agenda under Other Business was the Auditor's financial report. The unaudited 2018 year-end balance was \$6,327,183 which was a net loss to the health fund balance in 2018 of \$843,608. The projected 2019 health fund balance was \$5,457,842, a net loss of \$869,341. Mr. Kuschel added that the 2018 pharmacy rebates would be credited to the health fund on May 22nd in the amount of \$946,790.
8. The next item from the agenda under Other Business was an update on wellness initiatives by Ms. Kari. She announced that the farmer's market will be back this year starting June 20th with more vendors than last year. She will be doing more advertising (printed signage and space on County Extension website as examples) attempting to pull in more of the community. She reported all was going well as her local partners (City of Duluth and Maurices for example) continue to support this popular weekly summer event.
9. The next item from the agenda under Other Business was an announcement that Ms. Kari and Ms. Menor recently attended an exclusive event where they met Dr. Oz and the new CEO of BlueCross, Dr. Craig Samitt who offered to make a trip to visit us in our area of the state. Planning is underway to find the appropriate community-based venue and forum for Dr. Samitt's message.

With no further business the meeting was adjourned.

Respectfully submitted,



Beth J. Menor
Senior Benefits Advisor