

ST. LOUIS COUNTY  
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, July 20, 2016 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Jim Gottschald, management representative.

Members Present:	Tom Stanley	Dennis Frazier for Jay Anderson
	Angie Mattson	Gordy Halverson
	Mark Rubin	Jim Gottschald
	Dave Rolland	Mike Hannay for Nancy Hintsa
	Lori Ulvi	Kevin Gray
	Mary Jo Tomsich for Marsha Callahan-Ness	

Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	David Kuschel

The May 2016 minutes were approved by consensus.

Presentations

1. The first item from the agenda was the preliminary renewal for 2017 presented by David Kuschel of BlueCross and BlueShield of Minnesota (BCBSM). Mr. Kuschel first provided a renewal based on the 2016 benefit design and then another renewal based on the tiered benefit design scheduled for 12/24/16. Both renewals included the most recent 24 months of data broken into two 12 month periods. Medical trend had come down slightly from 7.2% in time period one as compared to 6.7% in time period two. The Per Member Per Month (PMPM) projected claims were 13% higher than the BCBSM book of business average. Mr. Kuschel summarized the table below and commended the Committee for the projected \$4 million dollars in savings in 2017 which would be primarily seen from all Essentia providers who agreed to lower their pricing to remain a tier one provider.

	Renewal without tiered network	Renewal with tiered network	11.3% savings in 2017 from tiering
PMPM time period 1	\$712.93	\$640.05	
PMPM time period 2	\$665.60	\$597.44	
Expected Claims in 2017	\$37.1 million	\$33.3 million	
Projected change in Claims over prior year	+10.2%	-1.1%	

Mr. Kuschel committed to bring renewals for stop loss insurance and administrative fees to the September meeting. Mr. Kuschel added that a dozen of his 28 local school health groups renewed at 25% rate increases.

Mr. Coenen added that his self-insured groups were hoping for single digit but expected double digit increases.

One year ago BCBSM had projected \$31-\$33 million in claims for 2016 and recommended a 6.2% increase in premium. The Committee adopted a 3.75% increase in the premium for 2016 and the health plan was on track to spend \$34 million in claims by year-end 2016. Mr. Gray added that despite the typical trend of BCBSM over-estimating the renewal, this had not been the case the last three years.

Mr. Kuschel announced that BCBSM was retiring its Legacy operating system and transitioning to a new system called BlueCore. The St. Louis County group was scheduled to be transitioned on December 1, 2016. New ID cards would be issued to members to properly reflect the new system (12/1/16) and then again shortly thereafter to reflect the new benefit design (12/24/16).

Mr. Kuschel announced the opening of a BCBSM retail office in the new Maurice's building in downtown Duluth. This location would be available to St. Louis County health plan members, should they have questions about their coverage or claims.

2. The next item from the agenda, moved up from New Business, was the Auditor's financial report. In Mr. Dicklich's absence, Mr. Gottschald reported few changes in the report since the May meeting. Revenues and expenditures were down slightly with net assets at end-of-year down \$60,000 from the last report. The fund was still projected to experience a \$7 million loss by year-end.

Mr. Gottschald reported that current County Board discussions were aimed at building health plan reserves in 2017. However, he pointed out that if claims remained the same next year as this year (projected to lose \$7 million) and tiering saved the projected \$4 million, there would still be a \$1 million net loss. He expressed his conviction that the loss of flexibility and control over the health plan accompanied by higher costs didn't make the prospect of moving to a fully-insured health plan very palatable.

Mr. Hannay surmised that given the recent rise in retirements, the plan demographics should show younger and claims lower going forward. He requested a report that would explore and identify any trend. Mr. Gottschald concurred that this trend had already begun. The Insights report presented at the May meeting by BCBSM showed a decrease in the average age of males in the health plan and that average was below the BCBSM reference population. Mr. Gottschald agreed to bring to the September meeting a report containing historical age demographics of health plan members.

Ms. Menor reported that in the past, every retiree moved to the County's Senior Gold/Medicare BlueRx plan or their own Medicare supplement plan at age 65 or upon attaining Medicare eligibility. Recently, some retirees were staying in the health plan even after becoming Medicare-eligible out of fear of losing coverage for costly medications. Ms. Menor reported that this was an unfounded fear as the drug formulary for either plan could change and both plans covered the medications in question. Ms. Menor added that the state law does not require St. Louis County to allow health plan access to retirees over age 65. She also added that the SeniorGold/Medicare BlueRx plan was first offered in 2006 and any retiree in that plan could move back to the St. Louis County health plan during open enrollment each year and not one retiree has exercised this right and Ms. Menor has received nothing but praise from retirees over their SeniorGold/MedicareBlueRx coverage. Mr. Gottschald stated that as an alternative to requiring retirees to change health plans at age 65, the Committee could recommend eliminating the premium reduction of \$96.40/month for those who are enrolled in the health plan as well as Medicare Part A and Part B. A recommendation would need to come out of the September meeting for a 2017 implementation.

### Old Business

3. The first item under Old Business was a proposal to consolidate the flu vaccination sites in an effort to reduce costs from \$25 to \$15 per vaccination. The topic was introduced at a prior meeting and tabled to give time for labor representatives to garner feedback from their memberships. Favorable discussion points were: 1) several other options available to members for flu shots including retail pharmacies and provider clinics, 2) cost savings to the health plan, and 3) retention of the core mission of flu shot clinics (a healthy workforce). The Committee agreed by consensus to request Public Health and Human Service's staff condense flu shot locations in an effort to mitigate costs.
4. The next item under Old Business was feedback and discussion of the proposed spousal eligibility change. Labor Committee members reported receiving little feedback from their memberships. Seven employees reported that they would experience severe financial hardship. Employer health plans under the Affordable Care Act (ACA) may incur a penalty if their plans are not affordable to their employees, so many employers have adopted or added low-premium plan options. The eligibility criteria in question did not exist in other known health plans, but the market was headed in the direction (each employer covers own employees) of this policy according to BCBSM and Johnson Insurance Consultants and early-adopters should see the most savings.

Discussion was primarily in support of the concept, but also indicated an interest in fairness. Discussion points included: 1) a possible threshold/cap based on income, cost or affordability that would protect a spouse's income from being consumed by health insurance premiums; 2) an exemption process to include an

appeal if other insurance is a hardship; 3) the administrative and ethical burden of determining affordability; 4) the unlikelihood of affordability as an issue given ACA penalties; 5) the availability of Minnesota Care coverage for those under certain income levels; 6) implementation with a self-reported affidavit statement; 7) unidentified cost savings because future medical claims of those affected were an unknown. The Committee agreed by consensus to move forward with consideration of the proposed spousal eligibility change.

#### New Business

5. The next agenda item under new business was the Claims Driver Report presented by Beth Menor. Ms. Menor noted from the report a number of new high cases, but most noteworthy was Crestor's fall from the number one spot in total drug spend to number three. Ms. Menor attributed this drop to the recent launch of Rosuvastatin, the generic version, but noted that there was not an increase in generic utilization yet and the average price of a brand drug had increased another \$20 and was now up to \$540. Mr. Gottschald added that drug companies are now offering to pay member's copays to gain market share. Mr. Kuschel stated that BCBSM does have available a pharmacy network that excludes high-cost pharmacies like Walgreens. Mr. Gray noted that St. Louis County had the highest rates of opioid use among all Minnesota Counties and that some of the top 15 medications treated diseases often caused by sharing needles.

#### Other Business

6. The only item under Other Business was the dispelling of a reported rumor that BCBSM was leaving Minnesota. Mr. Kuschel speculated that the cause of the rumor was a media piece about BCBSM limiting individual plans in the Minnesota Exchange to HMO or ACO. However, had no plans to exit the commercial insurance space in Minnesota.

With no further business the meeting was adjourned.

Respectfully submitted,



Beth J. Menor  
Senior Benefits Advisor