ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, May 18th, 2016 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Jay Anderson, Committee Co-Chair.

Members Present:	Tom Stanley	Kevin Gray
	Mark Rubin	Jim Gottschald
	Jay Anderson	Dave Rolland
	Nancy Hintsa	Heather Ninefeldt
	Lori Ulvi	Jolene Jamnick
	Marsha Callahan-Ness	
Others Present:	Jeff Coenen	Tiffany Kari
	Beth Menor	Charlie Hopkins
	David Kuschel	Mary Jo Tomsich
	Adrienne Maki	

The December 2015 minutes were approved by consensus after removing Tom Stanley's name from those in attendance.

1. The first item addressed from the agenda, the Auditor's Financial Report, was moved up from New Business. Mr. Dicklich provided copies of the updated report which projected a $6.9 million dollar loss to the fund balance in 2016. Mr. Gottschald and Mr. Anderson drew a parallel to 2007 when the health fund was last depleted to this extent. Mr. Rubin handed out a written breakdown of the premium contrasting the annual amounts employees and St. Louis County contribute. Mr. Gottschald reminded the Committee that approximately $0.5 million dollars per year of needed premiums are not collected from the employees or the employer resulting from negotiated caps on employee contribution amounts. Mr. Gray pointed out that there were as much as seven months of reserves in 2013, which have dwindled to just one month in reserve by the end of 2016.

<u>Presentations</u>

2. The next item addressed from the agenda was an overview of the 2015 Health Care Insights Report by Mr. Hopkins with BlueCross BlueShield of Minnesota (BCBSM). Mr. Hopkins provided a written financial comparison of the St. Louis County (SLC) health plan to the City/County reference population and the complete Health Care Insights report. Mr. Hopkins highlighted the following from his reports:
    - The BCBSM commercial population is at least 10 years younger on average than members of the SLC health plan
    - Plan paid per member per month (PMPM) in 2015 was $609.62, 17.3% higher than 2014 and 37% higher than other public sector clients with BCBSM
    - The city/county reference employees pay 15% more of their own medical bills when compared to SLC health plan members

- New high cases (claims exceeding $75,000) in 2015 increased by 43%
- Practice categories or case mix didn't differ much from 2014 or the reference population
- ERG (Illness burden) increased by three percentage points overall which is significant, but not as significant as the early retirees' (<age 65) ERG which increased by 12 percentage points
- 44.3% increase in inpatient PMPM in 2015 over 2014, 41% increase in cost per admit
- Pharmacy spend increased by 17.5% which was similar to the reference population who are also susceptible to advertising, compounding and specialty
- SLC health plan males are a bit younger than the public sector reference
- Number of services didn't have a significant increase
- 36 high cases in 2014 and 56 high cases in 2015
- Despite the number of early retirees decreasing in 2015, there were 13 high cases among them in 2015, up from 4 cases in 2014
- Number one reason for inpatient admits had typically been for newborn, but in 2015 the most common service was major joint replacements, which are commonly a high case (in excess of $75,000)
- Reference population averaged 82% of their members with less than $5,000 in annual claims. SLC health plan has historically been over 80%, but dropped to 74% in 2015
- SLC health plan had twice as many joint replacements as the reference population in 2015
- 5 out of 33 joint replacement admits were for early retirees
- In common chronic conditions, SLC health plan was not that different from the reference population
- SLC health plan members utilize brand names medications at a higher rate than the reference population who favor generics more

Mr. Gottschald noted that since it was joint replacements and not heart disease or diabetes that were the costs drivers in 2015, it appears that the wellness program continues to produce positive outcomes for the plan.

Mr. Kuschel asked the Committee to not lose sight of any upcoming positive impact from the 2016 pharmacy benefit design changes; namely the generic mandate, step therapy, specialty networks, and the MTM expansion. He added that even a one percent change in generic utilization can provide significant savings to a health plan.

<u>Old Business</u>

3. The next item from the agenda under Old Business was spousal coverage talking points. Ms. Menor provided a handout of the anticipated

frequently-asked-questions (and answers) about the proposal that spouses can be covered by the SLC health plan only if they have enrolled in their own employer-provided coverage when available. Mr. Gottschald asked the Committee to refer to page 66 of the Health Care Insights Report to see that the SLC health plan spouses consume more of the plan resources than do the employees. Ms. Menor reported that there were 925 spouses in the plan. The Committee requested additional data regarding spouses and Ms. Menor agreed to gather and distribute this data.

Mr. Stanley inquired on the anticipated implementation process for the proposal and Mr. Gottschald responded that he anticipated the approach to be similar to the approach taken with the tiered plan design change which was to begin open discussions with all bargaining units.

The labor members of the Committee agreed to share the handout with their membership to garner feedback to bring back to the July meeting.

4. The next agenda item under Old Business was an update on the tier assignment for Essentia health. Mr. Gottschald reported all Essentia facilities would be in tier one (ie the highest Plan benefit tier) at least through 2019. The prior agreement with Essentia provided a 7.5% rebate/discount on claims incurred at the Duluth Clinic, which totaled approximately $210,000 for 2015. The new tiering agreement is projected to be in excess of $2 million dollars of annual savings from Essentia Health alone. It was further reported that Mr. Gray negotiated an October 1, 2016 effective date for Essentia to begin charging tier one rates despite the tiered plan design not commencing until 12/24/2016. These three additional months of savings were not integrated into the Auditor’s financial report.

5. The next agenda item under Old Business was an update on the National Diabetes Prevention Program (NDPP). Ms. Kari had just finished facilitating week 12 and Mr. Anderson week 10 of their respective 16 week programs. Ms. Kari started with 12 participants and still had 7 enrolled. One person lost 28 pounds, two lost 10 pounds, one lost 7 pounds and two were at the same weight as when they began. Mr. Anderson shared that he polled employees in the skywalk and 37 of them began walking at lunch because of their enrollment in NDPP. Both Mr. Anderson and Ms. Kari reported having a wide age range in both of their groups and that the accountability of the small groups was very powerful.

   Ms. Menor provided a report with the results of the online NDPP Omada program. She noted that 177 SLC health plan members were enrolled, most were in week 13 of 16, 85% completed the first four weeks, 71% completed the first 9 weeks and that as a whole, the SLC health plan members had lost 4.4% of their body weight which was above the norm across Omada’s book of business. She added that Omada was the vendor and the product was called Prevent, but

Omada recently decided to drop the “Prevent” name and will simply call the program *Omada*.

Ms. Kari provided a flyer for another local NDPP program sponsored by the Duluth YMCA beginning on May 24th. Mr. Gottschald reported that Essentia Health mailed out an invite for their offering of the NDPP program to almost 500 SLC health plan members and the St. Lukes’ program was now up and running as well.

Ms. Ninefeldt expressed her department’s feeling of isolation with wellness programs and trainings due to their shift work. Mr. Gottschald, Ms. Menor and Ms. Kari offered to bring trainings and programs to their worksite, but would need a site contact to facilitate meeting arrangements. Ms. Ninefeldt agreed to take on that role.

6. The next agenda item under Old Business was the Claims Drivers report by Ms. Menor who stated that the data in the report was 2016 data, most likely from the first three months of the year when time for runout was taken into account. She noted that the Plan spend mix was fairly consistent over the past 5 years. The report listed the primary diagnoses of the top 15 high cases, it ranked the top 10 providers by claims volume and dollars spent, it provided in- and out-patient counts/spend, it provided a breakdown of brand and generic drugs both by spend and volume and it provided the top 15 medications by spend.

   Ms. Menor reported that the average cost of a brand name drug was now over $500, and was under $300 when she began tracking this data about seven years ago. She also noted that Essentia Health was not the highest provider in volume, but was the highest in Plan spend. And, she noted that Crestor, the highest drug by spend, had recently had its generic form approved by the FDA so the generic mandate would come into play when the generic exclusivity expired, most likely late summer. She stated that notification to members would be included in county-wide email and the HealthCounts newsletter. She also added that members do not need to go back to their doctor to change to the generic Crestor; they could do so at the pharmacy.

   Ms. Menor provided an infographic that exemplified the high-rising costs of medications and featured three prominent medications in the SLC health plan. Mr. Dicklich requested that Ms. Menor inquire as to if Inpatient/Outpatient spend could be measured by date incurred rather than date paid. The Committee welcomed this report to be a regular feature at future meetings.

<u>New Business</u>

7. The first item under New Business was vaccination costs and options for 2016. Mr. Gottschald reported that the Public Health and Human Services department agreed to come down in price from $25 to around $15 per vaccination in 2016.

The lower cost could be sustained if the locations were limited to fewer/larger work locations. The topic was tabled to the next meeting.

8. The next item under New Business was Advance Care Directives Training. Mr. Gottschald reported that Honoring Choices staff recently traveled to Duluth to conduct a training where several PHHS staff as well as Ms. Menor and Ms. Kari became certified facilitators for advance care planning. Ms. Menor and Ms. Kari planned to roll out an introductory class to employees in September. Attendance at the class will be added to the wellness tracking card. Ms. Menor provided a handout summarizing the mission behind Honoring Choices. The Committee welcomed the program as a measure that could reduce or eliminate medical spend on medical services that were unwanted by the patient/health plan member. This can be accomplished when facilitators help potential patients communicate their wishes to their health care agent both verbally and through a health care directive.

Other Business

9. The first item under Other Business was a postcard provided by Ms. Menor about the targeted (*Ways to Save*) alerts that were available to SLC health plan members. The postcards were recently mailed to all health plan members' home addresses and would also be featured in the upcoming issue of the HealthCounts newsletter.

10. The last item under Other Business was an update on the Cadillac tax by Ms. Menor. The current administration and Congress had essentially punted the Cadillac tax issue to the next president, as the issue was not actively being discussed on the federal level, Ms. Menor reported. Many industry experts were calling the Cadillac tax the Chevrolet tax because the thresholds were being adjusted for inflation using the Consumer Price Index (CPI) instead of the more appropriate medical inflation/trend which consistently outpaces the CPI. Some lobbying efforts were underway to get Congress to remove the employee-paid portion of benefit premiums from the calculation of the Cadillac tax threshold. Ms. Menor received confirmation that stand-alone dental plans should be excluded from the Cadillac tax calculation.

With no further business the meeting was adjourned.

Respectfully submitted,

Beth J. Menor

Beth J. Menor
Senior Benefits Advisor