



Meeting Agenda from 05/15/2015:

Agenda:

1. Disposition of Minutes (Todd Schumacher) - One minute
2. New Business
 - 2014/2015 Plan Review (Ms. Baker) - 30 minutes
 - Decision Master Warehouse Report
 - 2014 Medical and Rx
 - Multi-Year Cost Comparisons & Trends
 - HUB/MCEP Claims Performance Report - First Quarter 2015
 - On-Site/Near-Site Clinics - (Ms. Baker) - 20 minutes
 - Wellness Program Update - (Ms. Wells) - 10 minutes
 - 2014 Wellness Program Results
 - 2015 Cigna MotivateMe wellness portal
 - State of Slim Program
3. Old Business
 - Telehealth Update - (Ms. Mauri) - 5 minutes
 - 2015 Renewal - (Ms. Mauri) - 5 minutes
 - Cigna Transition
 - Three-tier premium structure added
 - Affordable Care Act Update (Ms. Baker/Ms. Mauri) - 10 minutes
 - Excise “Cadillac” Tax Projection and other ACA fees
 - Employer Mandate
 - Reporting Requirements - Plan Year 2015
4. Other Business
 - Items Not Noted Above
5. Adjournment

Minutes from 05/15/2015:

ATTENDANCE

Present: Councilmember Todd Schumacher (by telephone), Employee Member Charlene Gabor, Director of Finance Patricia Soderberg, and Director of Human Resources Suzanne Smith.

Absent: Employee Member Shawn Laughlin

Others in attendance: Lynn Baker and Steve Purkapile from HUB International, Deputy City and County Manager Kevin Standbridge, Annette Rauschenberger, Vickie Mauri and Amy Wells from Human Resources.

APPROVAL OF MINUTES

The minutes of the July 18, 2014 meeting were approved.

NEW BUSINESS

2014/2015 Plan Review

Decision Master Warehouse Report

- 2014 Medical and Rx

Ms. Baker explained that the Report benchmarks the Plan's medical claims experience compared to that of peers based on similarly sized employers in our region and industry. The following are areas highlighted during her review:

Average cost per employee was \$12,273 versus industry benchmark of \$13,647.

82% of Total Health Plan Costs in 2014 were net paid claims and prescription drug costs. Remaining 18% were administrative and fixed costs.

Total Medical Claims Cost per employee was 14.20% under government industry norm.

Dependent claims (not including spouse) were almost 40% higher than the norm (dependent children are covered up to age 26).

Outpatient claims are 9.56% above the benchmark but inpatient claims are 19.33% below.

High cost Claimants - 5 claimants went over \$100,000 individual stop loss point with prescriptions included in the claims. \$41,000 excess was reimbursed by stop loss carrier.

Preventive care utilization is good (40.44% above benchmark). Highest percentage of preventive claims paid is for group within Age 40-64. Care includes colonoscopies, mammograms, etc.

Ms. Baker reported that one claimant has a claim over \$100,000 so far in 2015. Some of the 2014 high cost claimants are ongoing into 2015. One has an ongoing condition which requires high cost specialty drugs. Anthem didn't report prescription drug costs with the medical claims but Cigna reports drug costs in addition to medical costs so totals will be in the reports beginning with 2015. HUB has not yet received case notes from Cigna in regard to high cost claims in 2015.

Page 20 of the Report lists "Factors Influencing Health Status" and "Other" as two of the factors under MDC (Major Diagnostic Category). Ms. Baker was not sure what these 2 categories include so she will check and advise.

Broomfield's plan had 17 favorable/acceptable ratings compared to five unfavorable ratings (Results compared to benchmarks - see page 23 of DMW report)). Unfavorable ratings had been received for 2013 for maternity average paid per admission, emergency room average paid per visit and office visits average paid per visit and these remained unfavorable for 2014. Unfavorable ratings for 2014 were also received for outpatient surgery per 1,000 and chiropractic average paid per visit. It was noted that Anthem used an outside network for chiropractic which would have impacted costs.

A separate Rx Management Report was reviewed. On Page 2, past year costs were higher than 2014 so averages and totals have improved. For 2015, co-payments for non-Tier 1 drugs increased but the separate \$100 annual deductible per member has been removed. Other areas highlighted in report:

Mail service utilization is 38.98% below the norm for mail service scripts. Mail service paid is 57.83% below norm. Cost sharing is more favorable to member in mail service.

Broomfield's Rx plan had 9 favorable/acceptable ratings compared to five unfavorable ratings (Results compared to benchmarks - see page 14 of DMW-Rx Management report). Unfavorable ratings were received for Average Member Cost, Mail Service Rx %, Mail Service Paid %, Generic Substitution %, and Average Paid Per Generic Rx.

- **Multi-Year Cost Comparisons & Trends**

Ms. Baker indicated that trending can be seen for the past years (2012-2013) in the comparative analysis of health plan costs benchmarked for these years.

Detailed information is available in the 2014 Decision Master Warehouse Report which can be viewed on the HR website under Insurances- Medical - MCEP Agenda.

HUB/MCEP Claims Performance Report - First Quarter 2015

Ms. Baker indicated that there has been a jump in claim activity in April. Claims are running about 1-1/2 times above last year. There are 10 claims over \$25,000 by April 2015.

HUB can provide these reports on a monthly basis. Steve Purkapile, HUB's in-house underwriter will work on projections for the 2016 budget.

On-Site/Near-Site Clinics

Ms. Baker presented a report on findings regarding these clinics as directed by the Board at the August 9, 2013, meeting. Employers usually pay outside 3rd party. Main purpose is to redirect medical costs and provide convenience to employees with no copays and less doctor workloads. Advantages include employee satisfaction, wellness promotion, and most employers allow employees to visit clinics during work hours. No studies showing ROI are currently available. Cons are concerns with privacy, employees must be educated on benefits, and the clinics may not be economically feasible.

No RFP has been sent out. HUB and HR staff visited various clinics in the area providing services to other city and county employees such as City of Arvada, City of Longmont, City of Fort Collins, City of Westminster, and Larimer County. The clinic operation can be an expensive endeavor. City of Westminster had expenses of over \$600,000 for the remodel of a city facility for their clinic. There are different models of clinics. Some only use Primary Care physicians - meant to replace private practice office visits. Follow up can be done with specialists as needed. Cigna can also use private practices. There are options for doctors versus physician assistants depending on clinic needs and days and hours of operation. The participation level of employees will drive ROI. Some offer occupational health services for an additional charge if this is a strategy we would like to pursue. The question was asked as to whether all of the vendors would be eligible to submit responses to the RFP. Criteria for our request need to be developed as far as whether or not we want to use the model that uses private practice doctors who are also network doctors. There is no outside audit to determine if visit should be charged under Plan benefits or as part of clinic. Mr. Schumacher asked what problem Broomfield would be trying to solve by implementing an on-site/near-

site clinic for employees. Do we want to redirect costs from private office visits? Ms. Smith advised that feedback from cities who have implemented these on-site clinics indicated that employee feedback has been very favorable. The convenience to employees is appreciated and they like to have a medical home for follow up on chronic conditions. Clinic leave for clinic visits during work hours also encourages employees to go to the clinics for treatment. Mr. Schumacher asked if there are trends that indicate it would be a best practice to implement on-site clinics. Education of employees seems like it would be another approach. Implementing an on-site clinic seems like a big step. Ms. Smith indicated that HR and HUB can look at trending in private sector. Also, HR has not yet talked to employees about any interest they may have in an on-site clinic. The bottom line is that on-site clinics offer easier access to get appointments sooner. Under ACA, new patients are flooding doctors' offices and wait times are longer. Ms. Baker can research the numbers for wait times for office visits before and after ACA implementation. Additionally, there are less primary care physicians available. Fewer students are attending medical school. Insurance companies are introducing Medical Homes and Disease Management which can also increase wait times for patients because the intent is for doctors to spend more time on managing individual patient care. Mr. Schumacher indicated that before investing \$500,000 dollars in an on-site clinic, the question should be addressed as to how an on-site clinic would improve our current state and the variables. Ms. Smith and Ms. Baker will get more data including private sector numbers for on-site clinics. HR and HUB will look at a Request for Information from the vendors identified by HUB.

Wellness Program Update

- **2014 Wellness Program Results**

66% participation on Health Risk Assessments including more coaching participation

- **2015 Cigna MotivateMe wellness portal**

The new wellness portal through Cigna was implemented for March 2015. Employees meetings were conducted prior to March 1 to educate employees on the new wellness program options.

Broomfield HR has completed an application for the 2015 Cigna Well Being Award which will be presented at the Cigna Summit in June 2015.

- **State of Slim Program**

Ms. Wells reported on new program for employees which kicked off on May 6, 2015. State of Slim is a 16-week program from the Anschutz Center for employees to lose weight and maintain it. 20 employee participants (6 men and 14 women) applied and were accepted into the program. Each employee paid \$200 through payroll deductions as their commitment to the Program. Employees will be refunded the total amount if they maintain their lost weight for one year from the end of the program as long as they are still employed by Broomfield. The total \$16,000 cost was paid by Cigna from Wellness Funds allocated to Broomfield for 2015. The group has set a goal to lose a cumulative total of 1,000 pounds over the one-year period. They are very thankful for upper management support and co-workers. A joint press release was issued on the B Healthy website. Participants as well as Anschutz and Cigna are posting on the website. The participants' journey is being documented by Communications staff. A DIY group was

formed by the Public Health Nutrition Administrator and currently has 7 members. They are following the program through the State of Slim book.

OLD BUSINESS

Telehealth Update

Ms. Mauri reported that several employees have reported favorable results from utilizing the Teledoc program for treatment for themselves and their dependents rather than using an Urgent Care or ER. Education about the Telehealth program was communicated to employees in meetings in the first quarter of the year and HR continues to promote the new benefit.

2015 Renewal

- **Cigna Transition**

Ms. Mauri reported on the successful transition from Anthem to Cigna effective January 1, 2015. Employees received new ID cards prior to the end of 2014 and the Cigna team has worked with HR for a generally smooth transition overall.

- **Three-tier premium structure added**

Ms. Mauri advised that a third tier of coverage (employee plus one dependent) was added for health and dental coverages for 2015. The additional tier was added based on employee requests through the Employee Review Committee.

Affordable Care Act Update

- **Excise "Cadillac" Tax Projection and other ACA fees**

The IRS is currently requesting comments on proposed regulations which are set to become effective for 2018. Fees for on-site clinics and H S A's are currently part of the total benefits which would be considered for the tax which will be paid by the employer. It is yet to be determined if COBRA premiums will be used for self-funded plans or another rate. The tax would be paid out of the fund balance. HUB's projection doesn't include the \$2,550 FSA annual amount eligible for medical-related expenses. The bottom line is that plans need to keep costs down in order to not pay more taxes. The 2018 tax will be based on 2017 rates. Ms. Baker advised that the Board needs to look at long-term strategy year-to-year.

Ms. Smith asked what options are available for minimizing tax exposure for the Plan. A Three-Year Strategic Outlook (2015 - 2018) was reviewed including Plan Design, Funding, Employee Premium Contributions, Health Management, Benefit Cost Sharing, ACA Compliance, and Communication/Education. For participation in a Private Exchange, employers would fund a set amount for each employee regardless of single or family coverage. The employee would then pay based on plan they selected from the exchange. Another option would be implementation of a High Deductible plans/H S A strategy. The question would be how this would interact with on-site clinics. Other options include Cost plus plans and balance billings. Out-of-pocket maximums and deductibles can be increased. There are lots of options on our plan design.

Ms. Baker reported that required fees for the Patient-Centered Outcomes Research Institute (PCORI) continue in 2015 and will be \$2.08 for 2015 plan membership. The fee paid this year is \$2.00 per member and will be calculated based on the 2014 Anthem enrollment and paid by July 31st. The amount submitted in 2014 was \$2,384. The Reinsurance fee paid for

2014 was \$55,755. The amount for 2015 is estimated at \$39,116. The annual fee per member for 2014 was \$63 and will decrease to \$44 for 2015 and to \$27 for 2016. The reinsurance fee is scheduled to end in 2016.

Ms. Mauri reported that the unique ID number needed for the health plan by November 2014 was obtained even though this requirement was postponed in late October 2014.

Ms. Smith asked the Board what direction they would like to take on these matters. It was agreed to look at other options in Fall 2015.

- **Employer Mandate**

Broomfield used the measurement period of the first payroll in November 2013 through the last payroll in October 2014 to determine those employees who would be newly health-insurance eligible. Employees who are budgeted at 30 or more hours per week were offered health insurance coverage for 2015. Six other employees were identified as health-insurance eligible through the measurement process and were offered insurance coverage for 2015. All but one waived coverage.

- **Reporting Requirements - Plan Year 2015**

New reporting requirements will affect Broomfield for the 2015 plan year. Ms. Baker and Ms. Mauri are investigating how the City & County can use its resources for preparation of the documents which will need to be provided to the IRS and employees in early 2016.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

The committee adjourned at 1:29 p.m.