



Meeting Agenda from 08/24/2015:

Agenda:

1. Disposition of Minutes (Todd Schumacher) - One minute
2. New Business
 - HUB/MCEP Claims Performance Report - 1st & 2nd Quarter 2015 - 10 minutes
 - 2016 Renewal - (Ms. Baker) - 10 minutes
 - Cigna final quote
 - Stop Loss - Unbundled quotes
 - Cigna Proposal for 2016 RX Changes - (Ms. Baker) - 20 minutes
3. Old Business
 - Telehealth Update - (Ms. Mauri) - 4 minutes
 - 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
 - Wellness Program Update - (Ms. Wells) - 5 minutes
 - 2014 Wellness Program Results
 - 2015 Cigna Motivate Me wellness portal
 - State of Slim Program
4. Other Business
 - Items Not Noted Above
5. Adjournment

Minutes from 08/24/2015:

ATTENDANCE

Present: Councilmember Todd Schumacher, Employee Members Charlene Gabor and Shawn Laughlin, and Director of Human Resources Suzanne Smith.

Absent: Director of Finance Patricia Soderberg

Others in attendance: Lynn Baker, Lisa Seal and Steve Purkapile from HUB International, Vickie Mauri and Amy Wells from Human Resources.

APPROVAL OF MINUTES

The minutes of the May 15, 2015 meeting were approved.

NEW BUSINESS

HUB/MCEP Claims Performance Report - 1st & 2nd Quarter 2015

Mr. Purkapile reviewed the 2015 Claims Performance Report (data through July 2015) with the Board. Overall claims are running at 5.7% over budget; however, large claims (over \$50,000) represent 23% of total per employee per month cost in 2015 (paid claims + fixed costs) is \$1,013.42 which is 1.9% less than 2014. The Plan costs are consistent year over year. Claims Performance for the Year-to-Date Attachment Point is running a little higher (105.5%) than the carrier expected but is acceptable. The claims versus carrier maximum is 84.4%. Claims for the \$200 deductible group (Wellness) are running higher than the \$500 deductible group. Medical and drug claims are both higher for the \$200 deductible group. These are the same results experienced with Anthem. It was noted that higher drug costs for certain types of drugs could affect the results. Five high cost claimants exceed the specific stop loss point in 2015 but Mr. Purkapile does not feel that this is overly concerning for the Plan. The last pages in the report are graphs illustrating monthly and year-to-date Plan information through July 2015.

2016 Renewal

- **Cigna Final Quote**

Mr. Purkapile presented information from the document for the current (2015) Cigna costs as well as Cigna's final quote for 2016. Cigna's quote for 2016 includes costs for a \$100,000 specific deductible (same deductible as 2015) and for a \$125,000 specific deductible. Potential premium cost savings for the increased deductible over the 2015 costs is 4.3%. Claims funding would need to increase by approximately \$90,000 but potential annual premium cost savings are estimated at over \$160,000. The breakeven point would be if 6.5 participants had claims which each reached \$125,000. For the renewal, Anthem paid claims were built into 2015. Funding with the runout from Anthem would be 12-13% instead of 15.7% from current to \$100,000 deductible. Mr. Purkapile advised that the \$125,000 specific deductible is the best option for savings versus remaining with the \$100,000 deductible. The change to the \$125,000 deductible lowers premium costs although the higher specific deductible would raise premiums and claim liability for the aggregate stop loss coverage. Ms. Smith made a motion to accept the Cigna quote with the \$125,000 specific deductible for 2016. Ms. Gabor seconded the motion and the Board unanimously approved the action.

- **Stop Loss - Unbundled quotes**

Mr. Purkapile continued with a review of the quotes received for stop loss coverage from carriers other than Cigna. While the information indicates that premium savings with another stop loss carrier in the market could be obtained, none of the quotes are bindable. The other carriers couldn't bind coverage until they had data through August or September. Cigna will bind the coverage right now. In addition, Cigna would raise their administrative costs \$1.50 per employee per month for the \$125,000 deductible through another carrier. Another advantage with Cigna as the stop loss carrier is that Cigna can process reimbursements over the deductible more quickly since they have the access to the claims data within their system. Ms. Baker also confirmed that Cigna's pricing for stop loss coverage is within market ranges for this type of coverage. Ms. Smith advised that there is risk whenever a Plan is changing to an outside stop loss carrier. Mr. Purkapile indicated that there can potentially be problems with reimbursements for processed versus paid claims if the plan document language conflicts with the carrier's stop loss policy language. Finally,

the contracts offered by the alternative unbundled stop loss carriers were limited to a 3-month run-out versus CIGNA's 24-month run-out.

Cigna Proposal for 2016 RX Changes

Ms. Baker indicated that Cigna is changing its formulary drug lists effective January 1, 2016. Kaiser and Anthem are also making changes to their formulary lists. Cigna is offering two different options to clients. Both plans are optional. The first is a change in Standard formularies. Cigna predicts that 90% of clients will adopt these changes. Clients are trying to offset the high costs of specialty drugs. The Plan's trend in increased costs of claims is 30% more for pharmacy than medical. Part of the proposed change involves exclusion of non FDA-approved bulk chemical ingredients in compound medications. Anthem is also making this change and Kaiser currently includes this prescription provision. According to a report reviewing drug usage over the first 6 months of 2015, 16 participants would be affected by the "Standard" change proposed. No cost savings were available for the change because so few participants would be affected.

The second proposal would be for the "Value" approach. About 75 more drugs would be excluded including drugs available over the counter. 90 current participants would be impacted by this change. For the extended changes to the formulary list, 84 participants would be impacted. It is not known if there is any crossover between the 2 groups. The worst case scenario based on the first 6 months of usage is that 174 participants would be affected by the change to the Value approach. It is estimated that the Plan would save \$59,000 annually compared to the current state. There are significantly more limitations under the Value approach. Cigna does not yet have the complete list of all drugs which would be affected for 2016.

Both options will affect certain asthma and diabetes prescriptions. For 2015, the Board approved 100% copay for asthma and diabetes medications. This has cost about \$16,000 to date in 2015. Under the proposed changes, one vendor would be approved for the diabetic monitor and Cigna would issue new monitors to participants at no cost. The test strips from the designated exclusive provider for the approved monitor would cost the same as any which are being used currently.

The decision on whether or not to accept either option is due to Cigna in mid-September. The co-pays for Tier II and Tier III prescriptions are \$50 and \$75. Compared to other plans, these are already high so it is not recommended that the Board increase these co-payments to save on the prescription plan. Ms. Baker will contact Cigna and get the list of additional drugs affected for 2016 along with information on participants affected and potential cost savings. The Board agreed that the information could be distributed to them by email and a vote on the proposals could be completed by email prior to Cigna's deadline.

OLD BUSINESS

Telehealth Update

Ms. Mauri reported that HR continues to promote the new benefit and will focus on providing more information during Open Enrollment. HUB will report on the program usage at the next meeting.

Affordable Care Act Update

- Excise "Cadillac" Tax Projection and other ACA fees

Mr. Purkapile reported that full regulatory information is needed from the IRS in order to complete a full analysis but he prepared some estimated Cadillac tax projections for the meeting. There was some discussion in regard to using COBRA rates and changing budgeting methods. Ms. Smith noted that Broomfield already reports these rates to employees and uses this information on annual W-2's. Currently it is not known if calculations for the excise tax will include FSA's or on-site clinics. Assuming 8% annual trend on recommended 2016 COBRA premiums, the Cadillac tax should not impact the City and County until 2021. Ms. Smith asked about Retiree Health Savings plans. Ms. Baker will check on their status. IRS is still collecting comments until October. Mr. Purkapile indicated that as long as there is a consistent pattern in how we establish our rates, the Plan should be okay with the IRS. Overall, the Plan should be fine with how costs are allocated now based on COBRA premiums.

- **Employer Mandate**

Ms. Baker reported that Broomfield is already in compliance.

- **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 employees and the IRS in early 2016.

Wellness Program Update

- **2014 Wellness Program Results**

Ms. Wells indicated that results were provided at May 15, 2015, meeting.

- **2015 Cigna MotivateMe wellness portal**

Ms. Wells reported that 330 employees and spouses have logged in on the Cigna website. 12 employees have completed the Healthy Rewards program and earned their deductible credit and premium discount for 2016 as of the end of July.

For 2016, HR and Cigna are working on some changes to the website which will improve participation in and administration of the program.

- **State of Slim Program**

Since May 2015, the first group of 19 employees has lost a cumulative total of 598 pounds. The second group completed week 4 of the program and has lost 132 pounds. The celebration for the first group's completion of the 16-week program will be held on Wednesday night, August 26th, at the Audi. All Board members are invited to attend.

OTHER BUSINESS

Broomfield 2016 Actuarial Modeling Summary

Ms. Baker distributed a sheet for review with options for plan changes in 2016 with annual estimated savings for each of the 8 options. The savings ranged from \$23,150 by increasing the out-of-pocket maximum from \$3,500 to \$4,000 to replacing the current plan with a High Deductible Health Plan at an estimated savings of \$429,170. Chairman Schumacher asked where the Plan stands in relation to other plans for these types of out-of-pocket expenses for participants. The \$3,500 annual out-of-pocket maximum is the national average; however,

Mercer indicated that \$2,500 is the average for municipalities. The \$25 co-payment for PCP visits is in line with other employer plans. The specialist co-pay can be double the PCP co-payment so \$50 would be okay. The average co-insurance is 80% for the employer portion and our Plan is 90%. The ER co-payment of \$300 is higher than average. Most plans just charge the co-pay. The old Anthem model uses a co-pay plus deductible and co-insurance as we had last year. An option would be to increase the Urgent Care co-payment and not ER. Mr. Purkapile and Ms. Baker will review Urgent Care and ER claims for more information to determine costs to the Plan. The Board voted to increase the specialist co-pay from \$40 to \$50 per visit and the urgent care co-pay from \$40 to \$75 per visit for 2016. However, they would like to review more information from HUB including potential cost savings to determine whether they wish to increase the ER co-payments for 2016. It was noted that these benefit changes could be used as part of the mitigation strategy for the "Cadillac" tax. HUB will forward information to Ms. Mauri to distribute to the Board members for their review by email and further action on the potential change to the amount of the ER copayment.

ADJOURNMENT

The committee adjourned at 12:58 p.m.