

Health Plan Review Committee

APPROVED

Regular Meeting Minutes August 9, 2016 @ 10:00am City Hall 3rd Floor Conference Room

Rusty Whisenhunt called the meeting to order at 9:03am

I. Roll Call

Members Present: Rusty Whisenhunt, Albert Ozuna, Richard Rogalski, Bob Bigham, Bruce Kizarr,

Others Present: Tiffani Burk (HR Generalist), Chase Massie (HR Director), Rachel Kanady (NFP), Krystal Urbanski (Finance), Chris Engelman (BlueCross BlueShield), April Bortmess (BlueCross BlueShield), Tim Johnston (Liazon), Allen Silver (Liazon), Anthony Naes (Liazon), Scott Golden (SEWTP), Judy Franco (GIS), Courteney Cacho (City Manager's Receptionist)

Member Absent: John Schwenk, James Churchwell

II. Minutes (7/19/16)

Motion to approve minutes by Bruce Kizarr with second by Albert Ozuna Ayes: Ozuna, Rogalski, Bigham, Kizarr
Nays: NONE Motion carried

III, Review Reports

A) Financial Reports

Supplemental Bank Reconciliation

Bank balance as of 7/31/16	\$770,982.05
Transactions to date	\$31,959.78
Cleared Checks	\$13,574.30
Outstanding Claims (Self Funded)	\$1,866,895.31
Outstanding Claims (Pass Through)	\$ 38,490.51
Outstanding Claims Total.....	\$1,905,385.82
Deposit(s) in Transit	\$372,968.97
Adjusted Balance as of 8/5/16	\$(743,049.32)*

*This balance does not reflect the actual amount of available funds in this account. It is only informational in nature and only for the use of the health committee. This is a compilation of all known outstanding debts and revenues for this account to date.

Urbanski said the July claims might be a little low because that's not all of them.

Whisenhunt asked if the ones held up are the July medical bills.

Engleman answered right, just claims incurred from 7/1 forward in medical.

Whisenhunt asked if what we would have received would either be prescription and would it be for this year and last years bills.

Engleman answered right, it could include some dental claims that incurred prior to 7/1.

Whisenhunt said what's being held is after the benefit changes. We are in a new deductible year which should have reduced those claims drastically.

Rogalski asked if the City collected the premiums out of every paycheck.

Urbanski answered yes.

Rogalski said there are (3) three pay periods in September.

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Motion to approve financial report by Richard Rogalski with second by Albert Ozuna Ayes: Ozuna, Rogalski, Bigham, Kizarr Nays: None Motion carried

IV. Wellness Committee

A) Update

Massie said we are at our last week of our walking challenge. We have a group walking today and on Thursday had over (50) fifty participate, close to (60) sixty. Everything is due Monday at 5pm in the HR office. Next is the Blood Drive in a couple of weeks.

Whisenhunt asked if the Blood Drive was going to be at the City Hall.

Massie answered yes. We'll do (2) two at Public Works and (2) two at City Hall. The email to signup will come out within the next day or (2) two. We are continuing to work on the Wellness Fair and starting to get vendors signed up.

Whisenhunt asked if they will be giving flu shots.

Massie answered the flu shots will be at the Wellness Fair.

Whisenhunt asked if it would be a different vendor than last year.

Massie answered no, same vendor which will be Wal-Mart. They are going to have more pharmacists on hand.

Whisenhunt asked if they were going to bill the insurance this year.

Massie answered correct. Last year, they ended up billing the insurance and anyone who didn't have insurance but received a flu shot, Wal-Mart wrote it off for us. He expects them to do the same this year.

Whisenhunt asked what the cost of flu shots that they are billing on those.

Massie answered he'd have to check and get back to him.

Whisenhunt asked when the Blood Drive was.

Massie answered August (26th) twenty-sixth.

Whisenhunt asked if Massie said there was (50) fifty to (60) sixty participating who signed up.

Massie answered that's who signed up.

Ozuna asked if walk-ins were welcome.

Massie answered yes, they are not going to turn anyone away.

V. Old Business

A) Private Exchange Actuarial Information

Liazon gave there presentation, highlighting on these topics:

Current Program
Takeaways from (7) Seven Years & Hundreds of Thousands of Enrollments
Lever Available for You to Deploy
(3) Three Year View – Market Best Practice Approach
Participant Contributions – Best Practice
(3) Three Year View – Transitional Approach

Johnston said we had some takeaways due to the financials. After the last meeting, we went through all of the information we had and looked at how the plan was running today which is the situation at hand. We are going to talk a little bit more in detail with some real numbers and how it could potentially help. So today we are going to go through some of that in a little more detail.

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Kizarr asked if we are going to fix how much it's going to cost the City's contribution but not the employees.

Silver answered we are going to try to get all (3) three of these numbers to fall. We could fix the City's cost but at the same time lowering the cost for the participants.

Kanady said what the Committee asked him to do were (3) three scenarios if we stay current, if we take a modest approach and a more assertive approach. This is the (1st) first of (3) three scenarios and his recommendation to the Committee is not to do this slide. Silver is just portraying what it looks like if we keep the current strategy in place. What you're going to see in upcoming minutes are (2) two more scenarios that the Committee is going to like even better.

Johnston said in this environment, the issue that faces the City is the same issue that is facing a lot of employers and municipalities all over the country. As cost goes up, there's only a few ways to deal with that. You could either take that on as an organization, as a City, pass it to the employees, or you share it. The difficult thing is when employees don't get the opportunity to have significant say in how those impacts them it tends to get worse. We've been talking about the City providing a dollar amount which the City provides today. The idea is if we could broaden the number of options that employees have. Some stuff is going to be less expensive than what we are offering today. We'll have some plans that are richer or some that are very similar. Employees have the flexibility to make that decision. We're going to have technology that's going to help employees and their families make the best decisions for them based on what they need. The impact of that is they will then make very different decisions than they would have made before. What the technology does is go through and asked the employees questions which allows (1) one on (1) one consultation for every employee. What that drives is a good foundation that is financially based. We could put people in a better position than they are today and could make a positive impact on cost for the City and for employees.

Silver said we don't want the employees to see the same plan that they have today. We want them to see (4) four new plans. Maybe (1) one having a similar deductible level the City has today but we want to add (3) three more plans that are lower in value with higher deductible levels. They are going to see lower contribution in those plans than they do today. We would look at these plans and we would estimate where these people would enroll. The other thing that you'll have the ability and we've had other employees do is play around with not just what the design looks like but BlueCross has different options out there that could change the price levels to some of these things that have different network structures. The participants can navigate with the tools we have to be able to get different price points with it.

Kizarr said each employee is going to get the same amount of money in their check. Kizarr asked if that's (68%) sixty-eight percent of the cost of the plan.

Johnston answered correct.

Whisenhunt said it's basically what's being contributed today. If the cost goes up in the future, the City is fixed right where it was.

Ayala said no, not necessarily. He wants everyone to realize that we are all on the same page and we all have the same goal. Both the City and the employees have been put into a position especially over this last year. Everyone's prices are increasing meaning employee, spouse, children as well as the City. There are a number of tools we could use to try to bring the total cost down. If we bring the total cost down it helps the members, the employees as well as the City. This is a tool and a few of the other tools that we have talked about are different network negotiations. Right now you are in this trend where all you are doing is increasing. We have some negotiations with Comanche County Memorial Hospital this past year. That (1) one tool and this is another tool we could utilize. Whatever number the City is paying they are going to give you that same amount of money but now you're going to shop and get something different. Most people are over insured and they may not meet that (\$1000) thousand dollar deductible but once every (6) six or (7) seven years. If we shift some of these plans around and people start making their own choices, that (9) nine million sudden becomes a (8.5) eight point five million total risk at the end of the day then everybody's cost goes down.

Kizarr asked if cost goes up will the City bear the cost. If our premiums could stay the same and we could cut the City's cost that would be fine but if the cost rises the City's portion is going to have to raise theirs too.

Massie answered if we were to get into this plan and year (2) two total premiums went up (3%) three percent then the City's portion would go up (3%) three percent, just like it does now.

Whisenhunt said that's the real concern. If it occurs it would remove all of the concerns from all of the employees.

Massie said there has been no conversation that it would be any different. From a City's, employee's, and from his stand point, he loves the idea of getting into something like this so it can be a (3%) three percent once a year instead of a (10%) ten percent without making a dent.

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Kizarr said the plan is not unreasonable considering the position we are in right now if that plan was similar to what we have.

Silver said it's actually giving you more coverage on the catastrophic side.

Kizarr said he does believe that he is over insured. He could slide somewhere else.

Ayala said if you slide, right now you either have more money to put toward your dependent cost. It could drive your employee/children or spouse/children cost down. Maybe you could buy some more health insurance or more of any other type of coverage so now you're making that decision.

Kizarr said but if he was an older employee with health issues, he won't be able to benefit as a younger employee would. He's afraid what the cost is going to be for that employee if we do something like this. Kizarr asked can they afford to take this if the City decides to do it.

Ayala answered our goal year (1) one is to still allow that person to get into that same plan. We aren't going to force you into anything but here's a bucket of money. If you want to keep the same plan then keep it. It's going to allow that person to keep the same exact plan at the same exact cost but will allow you to shift over. For every person that shifts over its lowering our overall risk and we're starting to have a conversation. The goal is we don't want to try to fix this thing next year because this is a big ship. We're doing a little bit this past year and we're going to keep steering the ship to make it a little better because this is more long term. Our (1st) first year we don't want to penalize anybody but we do want to give people the options. We want to start steering that ship utilizing the tools that we have at our disposal. The tool doesn't make any of those decisions the City does. The tool allows people to have a store or market place. At the end of the day you can lower the costs or raise any of those costs because from that stand point it's not going to change. It's going to change the approach that people are taking to the healthcare and asking those questions.

Silver said the whole point of how our pricing model works and anybody who goes through a pricing model with a self insured exchange has to work and has to be this way. These things are priced as if everybody moved into that plan. So you sit there and collect the amount of contribution that is necessary to cover the cost differential of these plans. These plan options represent (1) one potential version and being used as an example for the Committee to see exactly what this might look like.

Kanady said taking Kizarr's comment, how aggressive can we pass on change. What we are looking at is a transitional approach.

Ayala said we'll achieve savings by people shifting and starting that conversation. We will also achieve savings in the other tools that we would be using from the network communication. There will be additional things that we will be recommending and including the changes that were already made. Some of those things will be happening in conjunction with this.

Rogalski said unfortunately the way that our medical system is now people don't feel cost. People want to receive some kind of treatment, they don't want to feel the cost, and so they don't ask. You completely lost consumerism aspect in healthcare.

Ayala said BlueCross is coming up with more tools so it'll become easier than just us calling and trying to figure out the cost. They'll have tools to help with that and we will be out here educating people.

Rogalski said driving people to try to be better consumers for a self funded plan is obviously a great idea.

Ayala said that's why we partnered with Liazon because their tool walks you through it. It's going to help people not make that bad decision.

Whisenhunt asked on the health savings account and the flex plan, can you do both.

Ayala answered can't, one or the other. The difference is with the health savings you get to keep the money.

Johnston said the purpose of the system is to give every employee that platform. This will be their decision to make and the City will not be forcing them to make any decisions.

Rogalski asked if the City was going to pay the same amount for each plan.

Silver answered its set up to say the City would pay the same amount for every plan but not percentage wise.

Kizarr said just like they do now.

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Whisenhunt asked what kind of cost is an accident plan.

Ayala answered for himself (\$12) twelve dollars a month, pretax also, really costing (\$8) eight dollars.

Burk asked is it part of his individual plan and not family.

Ayala answered correct.

Whisenhunt asked if it was (\$3400) thirty-four hundred dollars a year for a family.

Ayala answered yes. A lot of the ones we saw have outpatient physician benefits and you can get money from the plan without actually having an accident.

Rogalski asked if they work out the numbers just in case everyone moves there the City would still be solvent.

Silver answered yes, that's the whole point of what we are trying to do. The difference between a self insured program and a fully insured program fundamentally when you think about it, we are trying to get the City close to define contribution as possible. We need to be able to essentially be able to price these plans so if everybody were to move from (1) one to another, whatever contribution the City collects aligns with (\$400) four hundred dollars relative to the cost. We need to have those ratios make since.

Rogalski said that's what generally protects us from our (2nd) second year being a disaster.

Silver said it protects from (3) things:

Protects from (2nd) second year being a disaster
Protects from adverse selection or premium death spirals
Protects from construct of employees moving from (1) one plan to another

The claims cost, when they normalize, everything looks perfect but will be over budget because they didn't collect enough in contributions.

Whisenhunt said in the discussion last time, breaking it down into (3) three plans you really don't get the benefit.

Massie said between now and the next meeting he wants to sit down with NFP and BlueCross to come up with the best options for the City of Lawton. Maybe a combination of (2) two scenarios that would produce some type of savings, what those premiums would potentially look, bring that back to the Committee and then vote on it at the next meeting in October.

Kizarr said we are going to have to keep the current plan that we have, that's with anything we do.

Whisenhunt asked Engelman about the networks, he thought we already included the tightest network in our plan.

Engelman answered you have the option to have the tightest network in it. If you want to go a step further because right now you're Blue Options which means you can use Blue Choice and Blue Preferred. The next option is very narrow, Blue Preferred. If you go to that it's not going to generate a lot of savings because most of the providers in Lawton are already Blue Preferred. In most plans, when you have those options like that, you're Blue Preferred, your tighter network is paid at a higher reimbursement and your Blue Choice is a little less at (90%) ninety percent, (80%) eighty percent and (60%) sixty percent out of network. When we put this in we just kept the benefit levels the same.

Massie said got to look at our utilization:

#1 Comanche County Memorial Hospital (CCMH)
#2 Baylor
#3 OU Health Center
#5 Southwestern Medical Center

While (50%) fifty percent are CCMH, there are a large number of out-of-state that are in those networks.

Whisenhunt said OU Medical is cheaper than Comanche County Memorial Hospital on things.

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Ayala said we don't want to limit people from going to that choice but want to drive people into the Preferred which is going to pay it (90%) ninety percent verses (80%) eighty percent. We are having conversation with Comanche County to achieve additional discounts.

Whisenhunt said (2) two years ago, with Comanche County if you paid your whole bill they would give you a (20%) twenty percent discount, now they do not. Southwestern does now. If the employee goes in and pays the bill (100%) one hundred percent they'll give you (20%) twenty percent. There was a potential of (20%) twenty percent.

Ayala said when we steer people into those we obviously get better discounts but can also offer lower co-pay or out-of-pocket. There are lots of different tools.

Whisenhunt said little things like that make a little change to the individuals and that's something we need to get laid out for the Committee to evaluation to see if it's comparable. For example, Delta Dental doesn't cover gas.

Kizarr asked what's going to be this Committee's responsibility on appeals or are we not going to have that anymore.

Ayala answered we'll make broad, straight forward changes.

Kizarr asked if these were (5) five different plans but are all the same plan.

Silver answered the way he would look at this, (5) five different designs that cover the same thing.

Bigham asked about on the pharmacy side.

Silver answered we'll work with BlueCross on this. A lot of these (3) three out of the (4) four plans have exactly the same pharmacy benefit and (1) one of them does not. We are going to try to get the pharmacy benefit as close as possible. The formulary will be the same.

Johnston said the thing to keep in mind is the technology portion of it. Leading out to the enrollment process the employees make theses decisions. They'll be significant amount of training on how to use the system and how to find information. The system itself is going to simplify a lot of this stuff for employees by defining the different terms. There are videos that explain how the health savings accounts works and explains all of the pharmacy benefits. You'll have a platform that can deliver this information to people. What we traditional find is the number of questions you get internally are going to reduce very substantially because people have access to information they didn't have in the past whether by mobile phone or laptop. It's not going to solve every single question that's out there because there will still be people who have them. You'll see a pretty big change there.

Silver said with that being said it's still a self insured program to the affect that there are appeals that can be handled in a similar matter.

Ayala said if the decision is to move in this direction we want to make the transition as easy as possible. We want to make the communication and education easy. We want it to be a very positive experience. We want the employees to have more opportunities and we'll drive the cost down for everybody.

Whisenhunt said he can still see the initial enrollment process being a total nightmare.

Massie said it'll be work. We will bring Liazon, NFP and make sure we have a number of representatives. We'll have stations where people can go to get on an iPad or computer. Have someone by their side to help guide them especially for those who do not know how to use a computer.

Engelman said if you are going to a consumerism, more (1) one on (1) one, it's very important.

Massie said next meeting bring back the recommendation on what the plans and premiums are going to look like. Give the Committee until the end of the month to digest and hopefully in October we can make out recommendations.

VI. New Business

A) Premium Increase

Burk passed out a premium increase sheet:

BlueCross BlueShield Group
What Employee Pays

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What the City Pays

Burk said she wanted to give a figure of what (10%) ten percent would be.

Rogalski asked if the last time we increased the premiums was February (29th) twenty-ninth.

Burk answered yes.

Rogalski asked where the trend had been since February (29th) twenty-ninth.

Whisenhunt answered we are still losing ground at about (50) fifty to (70,000) seventy thousand a month. The plan changes will make some differences but won't make up enough.

Motion to recommend to implement the (10%) ten percent increase that's in the contract of police and fire if it's maintained over (\$400,000) four hundred thousand dollars for so many months, then the (10%) ten percent will fall off by Bruce Kizarr

Motion withdrawn

Whisenhunt said it needs to include the retirees that are still on our plan. They went up (36%) thirty-six percent and we went up (30%) thirty percent. This would make (40%) forty percent increase. We started trying to get them caught up with us. They would still be (4%) four percent in worse conditions than what they were. He understands it's tough.

Massie said one of the recommendations that he's going to come with in the next couple of months is to move into (100%) one hundred percent effect July (1) one of next year. At the same time, break them into the (4) four tiers like we are currently:

Retiree
Retiree/Spouse
Retiree/Child(ren)
Retiree/Family

By doing that, it will help produce some savings for them because they are currently paying the family rate who only have a spouse potentially. At the same time it would almost be a wash because we'll get those up to (100%) one hundred percent a year earlier than anticipated.

Burk said we just raised retirees in July.

Whisenhunt said but ours went up in February and theirs didn't.

Burk said she thinks it'll be an easier pill to swallow to wait this year and then say they're going to go up (100%) one hundred percent.

Massie said his recommendation to this Committee and City Manager is July (1) one to make it (100%) one hundred percent regardless what that gap is. They just went up another (12%) twelve percent.

Rogalski asked when.

Massie answered in July. His feeling would be not to include them in this.

Whisenhunt said they would be going up roughly (24) twenty-four, (25%) twenty-five percent next July.

Massie said with that we could communicate that early enough.

Whisenhunt said next month, if we are going to go that way, it needs to come to this Committee so we can address that recommendation. That'll give the retirees plenty of time if they wanted to look elsewhere, they could.

Motion to recommend to the City Manager to enforce the language in the police and fire contract to temporarily raise premiums in to (10%) ten percent and if it's maintained over (\$400,000) four hundred thousand dollars for so many months, then the (10%) ten percent will fall off by Bruce Kizarr with second by Albert Ozuna Ayes: Ozuna, Bigham, Kizarr, Rogalski Nays: None Motion carried

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VII. Comments/Discussion

Whisenhunt said next meeting is September 20th.

Kizarr said he had one of his guys pay cash for his co-pay, took a picture of it and sent it in. Now he cannot get his money back.

Whisenhunt said office co-pays are something we shouldn't have to provide documentation on.

Kizarr said his guy has the receipt showing services but they told him that wasn't going to work.

Whisenhunt said their mobile app isn't good for anything.

Kizarr said the receipt doesn't have any proof of service of what was done.

Massie said to have him give his office a call.

Kizarr said his guy asked about over-the-counter medication that was on the list or form where you can have your physician sign it. Kizarr asked would that still be counted for the allowable. His guy used his card for some of that stuff and it was denied. He looked everywhere for the form but couldn't find it.

Massie answered to have the guy contact him.

Whisenhunt said the normal co-pays, the dental, and the vision, those we didn't have to come up with receipts for. He used his card on his co-pay at his doctor's office and they are requesting documentation.

Burk asked Whisenhunt how they notified him.

Whisenhunt answered they sent him a letter saying they wanted documentation in (5) five weeks and it's been (4) four weeks now.

Ayala said we hope to get that stuff fixed.

Kizarr asked if you could still get the prescription over-the-counter if you fill the paperwork out and have the doctor sign it.

Massie answered yes.

VIII. Adjournment

Rusty Whisenhunt announced the adjournment at 10:49am.

Motion by Richard Rogalski with second by Albert Ozuna to adjourn Ayes: All Nays: None Motion carried