

Health Plan/Cafeteria Plan Review Committee

APPROVED

Regular Meeting Minutes December 15, 2015 @ 9:00 am City Hall 2nd Floor Conference Room

Rusty Whisenhunt called the meeting to order at 9:05 am.

I. Roll Call

Members Present: Rusty Whisenhunt, John Schwenk, Albert Ozuna, Bruce Kizarr, James Churchwell, Richard Rogalski, Bob Bigham

Members Absent: Luann Yarberry (Higginbotham), Alex Hadley

Others Present: Krystal Urbanski (Accountant), Tiffani Burk (HR Generalist), Chris Engelman (BCBS), April Bortmess (BCBS), Chase Massie (HR Director), Judy Franco (GIS), Courteney Cacho (City Manager's Receptionist)

II. Minutes

Whisenhunt said on page (2) two, middle of the paragraph, after (4) four needs to be 'months of'. Next to the last line, 'Schwenk asked what the threshold for' is suppose to be 'stop loss to kick in'. Schwenk said on page (4) four, the (2nd) second to the last line of the top paragraph, where it said bringing the general employees to match fire and police, there's nothing there with his dispute about it. Police have not agreed to that. Kizarr asked do we want to table the minutes until the next meeting. Whisenhunt answered yes, let's get it corrected and table the minutes until the next meeting. If you see anything else, email them to him and he'll email Cacho.

Motion by Kizarr with second by Ozuna to table the minutes until corrects are made until the next meeting January 19, 2016. Ayes: Ozuna, Kizarr, Schwenk, Churchwell, Rogalski, Bigham Nays: None Motion approved

III. Review Reports

Krystal Urbanski went over the financial information and included the following information for the Health Committee members:

Supplemental Bank Reconciliation

Bank balance as of 11/30/15	\$149,199.45
Transactions to date:	\$287,016.50
Cleared Checks	\$44,222.43
Outstanding Claims (October & November)	\$1,024,144.52
Deposit(s) in Transit 11/30/15	\$350,774.11
Adjusted Balance as of 12/14/15	\$(281,376.89)*

*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 November was rather small but she received an email from Engelman saying there was an error. Engelman said they found a coding error in the middle of the month that they had to put a claim block on. They had to hold claims while going back to test and verify the accumulations, out of pockets, deductible amounts. The claims didn't get re-released until after the (1st) first of the month and those claims that were held, which was (2,262) two thousand two hundred sixty-two of them. Up until the day they were released last Thursday, that total amount paid was (\$422,000) four hundred twenty-two thousand dollars. The majority of that would have normally been paid in October but still would have been paid in December. All it really did was push about (400,000) four hundred thousand further down the road that you'll have to pay for because now you have a (60) sixty day premium lag. Whisenhunt asked if instead of the (281) two eighty-one we are realistically (500,000) five hundred thousand to (600,000) six hundred thousand. Engelman answered yes. Kizarr asked Engelman, with this December number, is it not counting this money that you're saying. Engelman answered correct. Kizarr asked if it would show up on our report in January. Urbanski answered yes. Whisenhunt asked if we paid the reinsurance fee which was (85,000) eighty-five thousand. Burk answered (85,668) eighty-five thousand six hundred sixty-eight. Whisenhunt asked if the Plan 65 premiums in and premiums out reflected in these numbers. Urbanski answered we use to pay it in advance, now we are paying it after we collect the premiums at the end of the month. Whisenhunt asked about the (287) two eighty-seven and (350) three fifty deposits, are the

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premiums included in that number. Urbanski answered no, the (287) two eighty-seven looks like it came from one deposit probably payroll. The check from last month's retirees has already been put in. The (350) three fifty is probably including police and fire which all comes in one lump. Some of it is Retiree 65 plus but believes it all comes in one check and this doesn't include our general retiree. Kizarr said looking at the 'Transactions to Date', we have one starting from last December over (300,000) three hundred thousand and all the way down to July there's nothing. There's no bump to make up for that July gap. Urbanski said the only reason we have 'Transactions to Date' is normally if we have a payroll that ends later in the month and deposits the first few days of the month. Kizarr asked is the only way we would ever see claim deposits is if they were in 'Transaction to Date' then otherwise they would be part of the bank balance. Urbanski answered right. Rogalski said our costs are going up basically (11%) eleven percent a year; we'll have to do something drastic in order to catch up. Schwenk asked if the premium raises then wouldn't it balance out. Rogalski answered the cost is separate from the premium increases. Now if the benefits are lowered then you can decrease your cost. The adjusted balance before the meeting is an odd mathematical number. If you want to look at the trend for the amount of money that we have, the bank balance is the best number which has been going down consistently. Each month is not exactly right because you have transactions going back and forth. Kizarr said he can give a little history on the adjusted bank balance which was never a good system. It was the first year that we implemented the language that said, 'If it drops below (400,000) four hundred thousand then we are going to raise premiums'. We did have a bank balance that dropped below (400,000) four hundred thousand. The City Manager and Finance Director at the time didn't want to raise premiums so they came up with an adjusted bank balance to show that the numbers weren't really negative (400,000) four hundred thousand. So we've lived with it this whole time which he agrees that it's not the way to do it. Schwenk said they pushed it off until we get an 'Oh, Crap' moment and then all of a sudden everybody is scrabbling. Kizarr said that (400,000) four hundred thousand is just a target that we are looking at. We are still raising premiums when the balance gets that low. It's negative (500,000) five hundred thousand.

Rogalski said looking at the top number, on December (14th) fourteenth we were (1.4) one point four million, December (15th) fifteenth we are at (149,000) one hundred forty-nine thousand. You can see that there's a problem and it's pretty clear that we are going down. Our bank balance has never been negative and we could be negative next month. Urbanski said we won't mail off a check if it's not in the bank; we won't let it go negative but eventually we would be. Rogalski said we'll be at (0) zero. Kizarr said the last time when they were going off the adjusted balance, they were (300,000) three hundred thousand in the hole and then they had to borrow many. The City put more money into it and once we were caught up, we would pay it back. Rogalski asked after the first of the year, does all of the deductibles go back to (0) zero. Burk answered on July (1st) first. Churchwell asked if the deductibles start over in July, why is it almost double. Whisenhunt answered your claims are actually a couple months behind. Churchwell asked should it start falling off. Whisenhunt answered we saw the drop in claims in October. Our claims are running on an average around (1.2) one point two to (1.4) one point four million dollars for the last (6) six months. If you average those out it's about (1.2) one point two million dollars. We are taking in (\$700,000) seven hundred thousand dollars a month and we're taking in (\$300,000) three hundred thousand dollars less a month than we are spending. Kizarr said just going off of the numbers that we had last time, the benefit changes, all of the cuts that we agreed to cut were only (1.6) one point six million dollars in savings. Whisenhunt said (\$160,000) one hundred sixty thousand dollars over a year. Churchwell asked if it is (20%) twenty percent. Whisenhunt answered its (20%) twenty percent but if you look at those costs starting in July, the claims were running (6) six, (7) seven hundred dollars a month up until the end of June. Now we are running (1.2) one point two. Kizarr said if costs go up (10%) ten percent then you can't just raise premiums up (10%) ten percent because premiums are over (700,000) seven hundred thousand a month, when costs are (1.2) one point two million. We are talking (2) two different numbers on percentages. Urbanski said when you say (1.4) one point four, (1.2) one point two million is actually (2) two months. Normally, the bill we get a month from BlueCross is around (700) seven hundred. Whisenhunt asked why are there (2) two months in there along with a fee when the amount is in there every month. Urbanski answered because we can't mail out a check until those funds are available and then by the time we mail them out it's still an outstanding fund because it hasn't cleared our bank yet. By that time, we would have already gotten the next bill in. Kizarr said it's carrying a month.

Whisenhunt said something we can work on is where that monthly number in claims is. Urbanski said the last one that we've gotten for November was (300) three hundred and the one before was (718) seven eighteen. Before that was (735) seven thirty-five; August was (116) one hundred sixteen; (544) five hundred forty-four for July; June was (875) eight hundred seventy-five. Rogalski requested that Urbanski reports the monthly claim numbers to him. Whisenhunt said those are the numbers to have because we're double counting. We need to see the monthly claims and premiums. Kizarr said even if they were the same numbers we are still (500,000) five hundred thousand in the hole. We are saying that we're carrying (500,000) five hundred thousand every time. Urbanski said it's because we are paying claims that are on November's statement with paychecks that we've just received last Friday. We are floating to pay past claims. Engelman asked if the City normally pays (60) sixty days in the rear. Urbanski answered that was usually where it falls. Engelman said that's the grace period and it's always been that way. That's one of the nice things about self funded; you are allowed to stretch it out (60) sixty days than with fully insured where you only have (30) thirty days. Urbanski asked does the Committee want a different column on the spreadsheet. Whisenhunt answered down on the bottom if she could just give the monthly claims in a dollar amount. Urbanski asked what the actual bill from BlueCross was. Whisenhunt answered yes, that would help us do some long range projections. Kizarr asked if we need the actual deposits in too. Whisenhunt answered yes. Rogalski said we need the monthly in and the monthly out. Urbanski said the monthly in could vary a little. Rogalski asked if the only income was from premiums. Whisenhunt answered not if you get a stop loss

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payment back, that could be the only thing. Urbanski said we do show what's coming in a month individually which only shows what's coming in on the bank statement, normally it gives you at least (2) two payrolls. She'll add what month it is on the bottom.

IV. Wellness Committee

Massie said as far as the Wellness Committee, right now we have the step challenge going on, it's (2) two weeks in a row. The leader board is up with trackers and as of last week the high count total for steps was a firefighter with around (210,000) two hundred ten thousand. What we decided to do to make it a little bit fairer when we launched that competition was to break everybody down so general, fire and police will each have a winner. After the end of this week, Saturday night we'll take another snapshot, add the (2) two weeks together and in the winter each category with the most steps will get up to (4) four tickets to the Oklahoma City Thunder's elite team, the Oklahoma City Blue. We are planning on doing some seminars in the Spring with BlueCross BlueShield over diabetes, tobacco cessation, and pharmaceuticals. What to ask your pharmacist and what questions to ask your doctor in order to receive your prescriptions. We'll continue to talk about some Wellness activities such as physical activities after work. Burk said they still have trackers for anybody who wants one. Churchwell said he's having trouble keeping his connected or to sync. Burk said she could provide Churchwell with a customer service number. Massie asked if the device that Churchwell was syncing was right next to each other. Churchwell said yes. Massie said he's tried to sync it occasionally but sometimes it wouldn't because it was too far. If there are other people in the room with trackers, you could be getting signals from those. Kizarr said if the battery is low it won't sync but doesn't know if it was the tracker or the app that he was having trouble with. Massie said we received them for free so we are the guinea pigs in some aspects as to letting them know of any problems so they could get it fixed. Kizarr asked if you needed a Smartphone. Massie and Burk answered yes.

V. Old Business

A) REVIEW COST SAVINGS MEASURES (PREMIUM INCREASE) & MAKE RECOMMENDATION

Whisenhunt said based upon what we've heard referencing the claims amount, the only way to gain funds is a premium increase and adjustment in benefits. You're looking at a (10%) ten percent increase which gives you (\$65,000) sixty-five thousand a month. Rogalski said with (26) twenty-six paychecks in (12) twelve months you'd end up with (2) two extra paychecks. Rogalski asked how much does the City pull in per pay period for the premiums, was it about (300) three hundred and something. Engelman answered yes. Rogalski asked do we collect the premium (3) three times if there are (3) three paychecks that month. Burk answered yes, except for dental which is only (24) twenty-four pay periods. Rogalski said we could look at changing that by raising the premium only (24) twenty-four times to make it easier to budget. Our monthly income is a little more than we get every month because of those (2) two or (3) three extra pay checks. Kizarr said when he first got on the Committee it was (24) twenty-four, then they decided to hit the (2) two extra pay periods and that's how we fixed the plan. Schwenk asked how we could get the City to pay a bigger piece of the pie. Rogalski answered he was actually thinking that the only way that we're going to get through this is if the City, rather than cutting their costs, would add on more. Schwenk asked if the City pays double what the employees pay in premiums. Massie answered it's about (550,000) five hundred fifty thousand a year. Whisenhunt said the employees pay in the neighborhood of (270) two seventy to (300,000) three hundred thousand a year. Schwenk said there are other cities in Oklahoma where the City pays substantially more than twice. Massie said it's not on the agenda but Bortmess has brought an industry comparison with (22) twenty-two other cities that BlueCross BlueShield covers. What he has asked Bortmess to do is go over it today and the next meeting in January. Bortmess passed out 2015 Annual Plan Review chart. Massie said most of these cities are on a calendar plan. This is a comparison as of December but as of January most of these cities are going to go up where we would stay status quo.

Bortmess said she had taken the City of Lawton's benefits and compared them to (22) twenty-two other cities in Oklahoma. The first page is on deductibles, she knows there has been a lot of conversation about where we are at compared to other cities and how are they looking. The City of Lawton for general and fire's individual deductible is (\$500) five hundred dollars, the chart shows there are (3) three other cities who have their deductibles at (\$500) five hundred dollars. There are (3) three other cities who have theirs at (\$250) two hundred fifty dollars and all of the others are above that. (5) Five are actually at a (\$1000) thousand dollar deductible. This chart is letting you see where these cities are falling on the individual deductible. Kizarr asked if the number at the top is how many cities. Bortmess answered yes, this is what was reported but some didn't report their deductible amounts into the system. Schwenk asked if the cities reported it. Bortmess answered yes. Schwenk said he thought that BlueCross BlueShield had access. Bortmess said these are the ones who have BlueCross. Schwenk asked if it was (22) twenty-two cities. Bortmess answered yes. Schwenk asked if BlueCross would know what the deductibles would be for all (5) five. Bortmess answered it could be that they may have a higher deductible than (2000) two thousand that pulled up to be (\$2000) two thousand dollars. She could answer that question on January (1) one, reporting all of them as far as the different frames of the deductible, if Schwenk would like. This was just giving a snapshot as to where the City was sitting around the (\$500) five hundred dollar mark. On the coinsurance, maybe not all of the cities have a coinsurance but here we only have (14) fourteen. With the (14) fourteen other cities, City of Lawton is at a (20%) twenty percent coinsurance for fire and general. That's where (12) twelve other cities are sitting. There are only (2) two who are at (10%) ten percent. For the Out of Pocket Maximum, fire is (2500) two thousand five hundred and general is (\$3250) three thousand two hundred fifty dollars. There were (5) five other cities that were (\$2500) two

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thousand five hundred dollars and there were (5) five at (3000) three thousand. General would be kind of in the middle and fire would be up there with the (5) five. There are (8) eight others who have an out of pocket maximum of (\$10,000) ten thousand dollars. Whisenhunt said those numbers add up to more than (22) twenty two. Bortmess said it could be that these have multiple plans; like fire and general could have multiple plans in which (22) twenty-two cities are pulling in. Looking at the office visit, there were (11) eleven that are at (\$20) twenty dollars which fire and general are also at. Then there were (7) seven that were (\$30) thirty dollars and (2) two that was (\$40) forty dollars. Combining the deductible and coinsurance together to see the overall; City of Lawton would be (20%) twenty percent with the (\$500) five hundred dollar deductible. There were (3) three other cities who had that same combination, but most of the others were higher.

Schwenk asked on July (1) one will all of that change. Whisenhunt answered on July (1) we'll be at a (\$1000) thousand dollars. Massie said come January (1) one is when things are going to change. Bortmess said she is going to rerun this report after January when it becomes available to see how it's moved compared to this report. The City would go where the (5) five are currently sitting. Rogalski said Bortmess only has (16) sixteen cities on the chart, that means that there are (5) five others doing something else. Schwenk asked if BlueCross BlueShield have the ratios of what the employees pay versus their respective cities pay. Bortmess answered she'll see if that's something they have in their system because typically that falls on the employer. On the allowed PM/PM, the medical expenditures only, the average medical cost to other cities regardless of the difference in member share the City of Lawton is pretty much in the middle. Kizarr said we can compare with other cities but the big numbers are your claims. Kizarr asked if that is what the chart is telling the Committee. Bortmess answered yes. Whisenhunt said we are right in the middle on claims. Bortmess said the next one is the Pay to Allow Ratio for the medical expenditures. The City of Lawton is getting a little out of the middle, now you're up to number (14) fourteen. Kizarr asked if the chart was telling the Committee how rich our plan is. Bortmess answered just the allowed ratio, as far as where you're at on your medical expenditures. What are paid to be allowed the City of Lawton is at (30%) thirty percent. The City's paid allowed would be almost (30%) thirty percent, where some others are below or above that. Kizarr asked how the City controls that. Bortmess answered it would be your claims incurred and these are claims dollars for the City's medical expenditures that are coming in. Whisenhunt said that's a little contract with our local PPO. Kizarr asked if that was it. Engelman answered just saying that out of (22) twenty-two, the City of Lawton is number (14) fourteen as far as how rich the plan is. Kizarr asked if it had anything to do with negotiated price per charges. Bortmess answered no. This next chart is very busy, the Allowed PM/PM by risk is showing similar information that Rogalski had brought to the last meeting. The City of Lawton is definitely above the line making the City more at risk for a higher cost in utilization that is only going to continue to worsen if nothing is changed. This is the risk claimed dollars and what this is looking at the risk score that is based on your claims, demographics, utilization, subscribers, health conditions, and history. These are what are being taken into effect when looking at the health score. Rogalski asked if Bortmess is saying that the City's claims should be around (520) five hundred twenty. Bortmess answered right. Rogalski said the City has more claims than it should have.

Churchwell asked what the comparison to the size of the cities and does that come into play. Bortmess answered yes; there are probably (5) five who were similar to the City of Lawton's size. Kizarr asked if they were self insured. Bortmess answered yes, this chart did take the demographics into play as well. The City of Lawton would be about an (80) eighty for their risk score. Which probably means the City needs to change their benefit designs. Right now the City has a richer benefit than what the other cities have. The next chart shows where some over spending is taking place and this could be due to high cost claimants or condition management. The City of Lawton did have high cost claimant in the infancy area, there's also a spike in diabetes. Hopefully, Catapult or some condition management could help with some of these issues. Rogalski asked what C.A.D. was. Bortmess answered she believes its heart. Churchwell asked if that was (\$5) five dollars per member on the left hand side of the chart. Bortmess answered yes, this is showing that variance above the (\$5) five dollar benchmark, per member per month. Rogalski said around (6) six or (\$7) seven dollars. Kizarr said the graph looks like a wash. Bortmess said to remember that some of these dollars are really expensive for the City to have ongoing high cost claimants all the time. This could be something where the over spending may continue because a lot of this has some ongoing issues. Kizarr asked per member per month if the City is saving (\$15) fifteen dollars a month that should wash out. Engelman answered no, because you could have a million dollars in coronary artery disease claims and ten thousand in neoplasm claims. The numbers on the graph stand alone. Whisenhunt asked Bortmess when she's saying per member per month, is it all members per month. Bortmess answered yes, only in these particular categories but some members aren't going to fall within these categories. Massie said the graph is identifying areas that maybe the City's Wellness could work on to prevent some of these things. Bortmess said our goal is to try to help where the City is over spending with things like heart disease, diabetes, and asthma. The City of Lawton could help also by providing education through the Wellness. We can promote the Special Beginnings Program by letting them know of the different programs that are out there that would help them through their pregnancy or if they are high risk.

Massie said he thinks it's important that we look at this again in January because as we know on July (1st) first our deductibles and things are going to go up while most cities are on calendar year plans. Theirs will go up January (1st) first, so we'll have a better look prior to ours going up. These cities that are (750) seven hundred fifty and a (1000) thousand will probably go up to a (1000) thousand and (1200) twelve hundred. Bortmess said she'll have to wait for all of the benefits to be released. Massie said assuming that everything will be in by then, if not we'll wait until February. Kizarr asked if the changes that the City will implement in July will show up on the next chart.

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Bortmess answered no, it'll still show where the City is now. Schwenk said according to a spreadsheet that he received the City of Norman has a (\$300) three hundred dollar family deductible and we're about to go to (\$3000) three thousand dollars for a family deductible. Whisenhunt said many of those cities contribution level of employer versus the employee were more. Rogalski said (5) five to (1) one. Schwenk said ballpark figure, Norman's premiums for employees are around (\$3000) three thousand dollars versus (4000) four thousand for the City of Lawton. Norman pays (5) five times as much almost twice as much more than the City of Lawton. Whisenhunt said Norman's economic level is considerably higher than our economic level in Lawton but also depends on how much money the city has and whether or not the employee has the funds to contribute. Massie said Norman is the best in the state. Schwenk said he sent everybody a comparison with Moore and Broken Arrow. Whisenhunt said it had Norman, Lawton, Broken Arrow, Edmond, and Moore. Edmond and Norman are a rich community; Moore is closer to us; Broken Arrow's suburb is a wealthier community. Moore has a (3) three tier program and even on their lowest tier, employers contribution, is considerably more than the City of Lawton. Kizarr said we've looked at a tiered program before but we are already hurting because we don't have enough money in. If we go to a tier system there's going to be less money coming into the plan. Maybe the City could save money on the back end but that was why we never did it because of the potential short fall of people taking the higher plan and paying less premiums. Whisenhunt said last month the Committee decided to wait until this month to look at our balances. We need to look at those monthly costs before we can really make a good educated decision on how we feel the premiums need to be. Kizarr said he knows cutting benefits will save money. Whisenhunt said you'd have to cut a tremendous amount of benefits to make up (\$500,000) five hundred thousand dollars in a year. Rogalski said by raising the deductible, you're only going to get that money from the people who meet that deductible. Whisenhunt said the education part is one of the most important things that we could do for our employees.

Massie said one of the seminar series we may do is how to use the BlueCross BlueShield website; how to check to find doctors, compare costs and things like that because all of those tools are out there. Whisenhunt said the GPs is not where we're getting killed it's the hospitals and pharmacies. Kizarr asked how much money the City saves on mail order prescriptions. Bortmess answered not a whole lot. Massie said City of Oklahoma City just opened their own clinic for their city employees. He thinks there is data out there that says that it would save money in other areas not just benefits. If an employee becomes ill, needs to take the rest of the day off, in Oklahoma City, they'd just walk down the hall, get their medicine, and then return back to work. It is a high cost up front. With the new drug formulary, called generic plus, is what we will be going to July (1st) first. The City met with BlueCross BlueShield last week to dive into the formulary; typically the formulary isn't something that gets covered a whole lot. There are some things that the City can do to save over (\$100,000) one hundred thousand dollars just on the pharmaceutical costs with very little impact. One of those is preauthorization letters for (4) four tier specialty drugs. Right now we have (29) twenty-nine members who are claiming specialty drugs, very few considering the number of members we have. By requiring preauthorization letters, there is a projective savings and it'll only affecting (29) twenty-nine members. The City is not saying they can't receive their specialty drug. The City just wants BlueCross to say that this is a medicine required to treat a particular disease or virus with a certain specialty drug. The other big one is compounds, right now the City has (18) eighteen members, (3) three of those are children. BlueCross BlueShield's recommendation along with every other place in the US, is to exclude compounds. Kizarr said pharmacies are pushing the compounds. Massie said yes they are because compounds FDA does not regulate. The pharmacy can take a (50) fifty cent Pepto Bismol pill and another (50) fifty cent whatever, combine them and charge the plan (\$1000) one thousand dollars. In addition, they do not have to be a doctor to do those things; they could have some of their staff combining them. The City only has (18) eighteen members doing it so it's over (\$50,000) fifty thousand dollars in projected savings by excluding them. Whisenhunt asked if Massie is saying (29) twenty-nine and (18) eighteen equaling (47) forty-seven employees but a (\$100,000) one hundred thousand dollars on (47) forty-seven employees means that they are sunk financially. Massie said no, it means that they are going to have to find an alternative to the compound, which there is. Churchwell asked if the doctors are the one's prescribing the compounds. Massie answered yes. Bortmess said some doctors just don't know how much it costs and there are other alternatives to compounds. When we looked at a list to see if there were other alternatives for these members, there was. It could be that the members or the doctors don't know so that when the letters would educate them.

Engelman said sometimes it's a particular pharmacy who knows how to play that game. We'll find groupings of large compound medications at a specific pharmacy that are milking the system. If you look at all compound drugs, there are some that are very cheap and some that don't meet the co-pay. Bortmess said the City has a very low participation in these areas right now that's why BlueCross is recommending these changes before there are more members. Massie said part of this is the Committee and the City of Lawton as a whole from an HR and City Manager's stand point, to try to get the plan sustainable. Fully Insured, BlueCross doesn't allow this and they do that for a reason. Schwenk asked if there was an alternative out there for anyone receiving compound prescriptions. Massie answered yes. Whisenhunt asked how they can find the alternative if the City says compounds aren't covered. Massie answered that would be the doctor who would find an alternative. He also talked to the head pharmacy for BlueCross and he said pharmacies are catching on when there's a limit. What they do is try to figure out how much they can charge the plan. The pharmacy is charging the member a small piece they are going to pay and then charge the insurance everyday until they get their (\$5000) five thousand dollars. The pharmacies are realizing this is not regulated and this could where they make a huge amount of money at the City's expense. Whisenhunt asked if the alternative is just as effective as the compound. Bortmess answered every drug depends on the member, some generics work for some and brand works for others. Engelman said he doubts there're any studies that compare compounds against prescription medicines because

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they are not FDA regulated. Churchwell asked can BlueCross change the co-pay on the compound. Engelman answered they could do that. Kizarr asked why the City covers it when they didn't before. Bigham asked when it changed. Massie answered the City doesn't believe that we should. Kizarr said let's talk about the preauthorization, if the City did that it would be a change in plan. Kizarr asked when the negotiation will take place. Massie answered it would go with the generic plus, the new (4) four tier prescription, which has already been negotiated, it would be July (1st) first. Engelman said preauthorization is just where BlueCross wants to make sure what the doctor is prescribing matches up with what that medication is used for. Kizarr asked if it's something that they must have, can they get (1) one day or (5) five days worth until they receive the preauthorization. Engelman answered these are special medications, not something that they have to have immediately. Massie said they are for autoimmune diseases; they are treatments over long term. By 2018, (29) twenty-nine of those members will be (50%) fifty percent of our overall spent. Schwenk asked about the compound, is there action needed by the Committee. Massie answered we could make that part of July (1st) first unless the Committee disagrees with it and then we would readdress. Whisenhunt said to add on the agenda for the next meeting an item referencing the compounding for the (4) four tier prescription on generic plus. Kizarr said and add to take action. Whisenhunt said premiums we will table it. Kizarr asked if there were only (8) eight people taking the compound. Massie answered (18) eighteen.

Kizarr asked could we get some alternative. Massie answered the only (2) two options that BlueCross BlueShield's strong recommendations on how they treat their fully insured clients over the industry by excluding all compounds. The other option is to set a (\$300) three hundred dollar limit; again the pharmacies have caught on to that allowing them to continuously run it every (8) eight days to charge your plan. Kizarr said we're self funded, we could say once a year (\$150) one hundred fifty dollars a member towards compounds. Kizarr asked if the City could do something like that. Massie answered absolutely, we can set whatever we would want on that. Bortmess said she had a lot of groups try it different ways but again the pharmacy just catches onto it. Kizarr asked if we excluded this, the doctor writes a prescription, the City denies it; and then could they come to this board; bring all of their evidence to justify doing it. The Committee can then say pay it by exception or not. Bortmess answered yes. Rogalski asked what a compound medication really was because he thought it was just (2) two over the counter medications combined. Whisenhunt answered it could be (2) two or (3) three prescription medications combined. Engelman said it would be nice if there was a compound pharmacy that could be trusted. By saying that they are going to do the City right by supplying the costs on their overhead on any prescription, put those (3) three together, and provide the cost. Not the other way around, thinking if they do it right they could make (\$10,000) ten thousand dollars for this and the insurance would pay for it. It would be fine if it was a fully insured plan but this is the City of Lawton's money. Every dollar that pharmacy charges over what they really need the City of Lawton is paying for it. Since there are pharmacies out there that are playing the system, why allow them the business. It's come down to be a billing and moral issue. Churchwell asked about the deductibles, how many members are actually meeting it. Massie said we don't have numbers on that. Churchwell asked about the cafeteria plan, he knows a lot of people who save their receipts until the end of the year. Does that affect the health fund? Massie answered no.

VI. New Business

A) NEW INSURANCE BROKER

Massie said they went out for proposals on a new insurance broker, we are currently using Higginbotham. They had (4) four who submitted proposals, Higginbotham, Galliger, Insurica and NFP. We brought in NFP and Insurica for finally interviews and chose NFP who is Oklahoma's largest insurance broker in the state. NFP will bring levels of resources and experience which are gladly needed. The City has talked about Wellness and how we can tie that into our health benefits by making it a priority. NFP has an online system that the City will be able to bill out things like challenges that are all online. Then at the end of the year, the City can decide on prizes, maybe discounts or money back. He feels they will bring a breath of fresh air as far as experience with Oklahoma. That will be at the staff's recommendation at tonight's Council Meeting. Kizarr asked what the cost was. Massie answered the cost is based on commission; there is no budget line for the City. They basically negotiate the contracts and then a piece of that will be paid. Kizarr asked if the health plan still pays. Whisenhunt answered we'll pay BlueCross BlueShield to administer the contract then BlueCross BlueShield pays part of that to the broker. Schwenk asked if the broker goes in and negotiate with BlueCross. Massie said yes, our insurance broker goes in and negotiates all of our contracts. Kizarr asked if it was going to be a higher cost. Massie answered they will take on the current contracts that Higginbotham had. Whisenhunt asked about the cafeteria plan, is that part of it. Massie answered is not, that will remain with Higginbotham until we go out for bids in the Spring. It'll be done in time for open enrollment, whoever that will be next fiscal year. Whisenhunt said the last time it was put off until Spring, we didn't have time. There were (3) three of them who came here, gave proposals, and talked to the employees about the cafeteria plan. Then we were too late on making any changes. Massie said we'll have that decided, whoever the cafeteria incentive (125) one twenty-five is, and they'll be at open enrollment next fiscal year. Whisenhunt asked if the Committee was going to get to visit with them. Massie answered no, that wasn't his plan. Rogalski asked why the City needs an insurance broker. Massie answered an insurance broker, because of ACA and all of the laws continuing to evolve; they assist us with making sure that we comply with the law. In addition, they have a lot more experience and leverage in negotiating contracts with the insurance companies, which will be BlueCross BlueShield, our vision company or Higginbotham. They're going to let the City know if we're getting a good contract and get the City the best possible contract. Kizarr said before the City had a broker the Health Committee had to make all of the decisions. They read through proposals and chose that way; now the City is hiring experts to do expert work.

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Rogalski asked could we tell with our contract, whatever broker company we end up with, how much the City is paying them. Massie answered typically it's about (10%) ten percent and going to be the standard. One of the things that the broker will provide the City is an industry average to show if they are in line with or cheaper than. Whisenhunt asked why the Committee wouldn't be allowed to vote for the cafeteria plan at least before it goes to Council. Massie answered we could bring our recommendation to this Committee as far as what's on the agenda for the Council meeting, but HR would make that decision to take the work off this Committee. Whisenhunt said last time the information got back to the Committee too late and we weren't happy with Higginbotham's cafeteria plan. Massie said he can almost guarantee it won't be Higginbotham for next fiscal year because they charge administrative fees. Most likely, we probably won't be inviting Higginbotham to submit a proposal for the cafeteria plan because we already know what they have. There's something much better out there who doesn't charge a fee to get a card and administrative fees period. Burk said she's had a lot of complaints about Higginbotham. Massie said HR will do their best to stay on top of them if an employee has problems getting their reimbursements and things like that, just let HR know. Burk said one thing that she was impressed with about NFP was the benefit card that they give every member; it's an informational card telling the member their coverage.

VII. Comments/Discussion

* Next regularly scheduled meeting will be held January 19, 2016 at 9:00 am

* Kizarr said he needed to put Morgan's, with the Lawton Fire Department, appeal on the next agenda. Whisenhunt said he talked with Massie about it and he provided some information he feels that the Committee needs to address. Whisenhunt asked Cacho to add Morgan's appeal to the next agenda.

* Churchwell asked if there was a way of finding out how many people have met their deductible. Bortmess answered yes. Engelman said the complete period that we would be getting the information is from July (1) one of (14) fourteen to June (30th) thirtieth of (16) sixteen. This year there will be some from July (1st) first to today but there probably won't be a whole lot.

VIII. Adjournment

Rusty Whisenhunt announced the adjournment at 10:49 am.

Motion by Ozuna with second by Churchwell to adjourn Ayes: All Nays: None Motion approved