Health Insurance Committee Minutes April 15, 2020

Present: Dawn Ann Anderson, Mike Thiel, Niki Dykstra, Jack Fallon, Kris Hursh, Paul Dougherty - Chair, Anne Castren, Ross Gustafson, Lynn Ogden-Rider, Hollis May, Cindy Jones, Tracy Scott, Braumlee Boyce, Mark Flatau, Scott Haas (USI), Luanne Tufts (USI), Gwyn Andersen, Callie Langohr, Micah Hill

April 15
Opened at 4:13 PM
Renewal Calculations with Scott Haas

- February and March costs eased so we are looking at a max increase right now of 22.5%
- Current PEPM: $890.51
- Projected PEPM for fully funded plan: $1090.84
- $0 increase in dental
- Admin increase:
    - $1.50 PEPM for First Choice Health (TPA)
    - $3 PEPM for USI
- Stop-Loss:
    - Coming in very high
    - Two big lasers:
        - One is a big cancer claim.
        - New laser: specialty drug
            - We will pursue programs to eliminate this laser
    - Stop-loss is 28.2% increase
    - Aggregate stop-loss is 41.1%
        - We would need to meet 100% of projected paid claims and then an additional 25%.
            - This is fundamentally paying for service we will never use.
            - Recommendation: eliminate
- Voluntary vision and life: 0% increase
- ACA Affordability
    - Braumlee and Scott are examining the actual salaries. They do not believe anyone will fall under ACA minimum threshold.
- Plan design:
    - Anti selection in the plans
    - High Deductible plan (HDHP)
        - 95 utilize HSA
        - This plan is also set up as the minimum affordability plan
            - This aspect drives a lot of employees to it.
    - Managed care plan (RM3000)
        - Because of premium disparity, RM3000 participants cover 38.2% of premium
            - HDHP is 22.5%
    - Total projected revenues: $959.55 (32.3/67.7% worker/district--$650 contribution)

- Experience revenues: $1082.61
  - $773.06/$309.55 district/worker
  - 71.4%/28.6%
    - Fundamentally, district contributes $650, then an addition $123 on the back end.

- Current plans:
  - If we recreate the and keep the status quo

Renewal Rates and Contributions

July 2020 - June 2021 Funding Rates — HDHP3000 Active/Retiree				July 2020 - June 2021 Employee Contributions — HDHP3000 Active/Retiree				Contribution Variance
Medical	Dental	Life	Total	Medical	Dental	Life	Total	
$ 872.84	$ 38.50	$ 2.45	$ 913.79	$ 101.79	$ 7.00	$ -	$ 108.79	$ 6.79
$ 1,153.52	$ 79.50	$ 2.45	$ 1,235.47	$ 590.90	$ 48.00	$ -	$ 638.90	$ 267.25
$ 1,123.73	$ 81.50	$ 2.45	$ 1,207.68	$ 546.59	$ 50.00	$ -	$ 596.59	$ 247.21
$ 1,352.17	$ 111.50	$ 2.45	$ 1,466.12	$ 886.37	$ 80.00	$ -	$ 966.37	$ 400.89
$ 962.00	**$ 52.16**	**$ 2.45**	**$ 1,016.60**	**$ 253.12**	**$ 20.66**	**$ -**	**$ 273.78**	**29.6%**
	District Contribution			$ 616.05	$ 31.50	$ 2.45	$ 650.00	70.4%
	Total Contribution			$ 869.17	$ 52.16	$ 2.45	$ 923.78	100.0%

RM3000 Active/Retiree				RM3000 Active/Retiree				Contribution Variance
Medical	Dental	Life	Total	Medical	Dental	Life	Total	
$ 970.70	$ 38.50	$ 2.45	$ 1,011.65	$ 319.00	$ 7.00	$ -	$ 326.00	$ 144.28
$ 1,185.18	$ 79.50	$ 2.45	$ 1,267.13	$ 637.99	$ 48.00	$ -	$ 685.99	$ 288.55
$ 1,153.00	$ 81.50	$ 2.45	$ 1,236.95	$ 590.14	$ 50.00	$ -	$ 640.14	$ 266.91
$ 1,362.54	$ 111.50	$ 2.45	$ 1,476.49	$ 901.79	$ 80.00	$ -	$ 981.79	$ 407.86
$ 1,189.03	**$ 80.88**	**$ 2.45**	**$ 1,272.37**	**$ 643.73**	**$ 49.38**	**$ -**	**$ 693.11**	**51.6%**
	District Contribution			$ 616.05	$ 31.50	$ 2.45	$ 650.00	48.4%
	Total Contribution			$ 1,259.78	$ 80.88	$ 2.45	$ 1,343.11	100.0%

  - This becomes 56%/44% district/worker contribution
  - Huge increases for families and the RM3000 plan
- The problem of the Heath Savings Account:
  - HSA's can function as an optional retirement plan
  - Those who cannot afford to contribute have no savings for health care costs
  - Scott: In an ideal HSA environment, the employer would contribute.
  - RM3000 subsidizes HDHP
  - Fosters anti-selection
    - Enrollment is such that we don't get revenue and then RM3000 pays the claims.
- USI recommends we eliminate one of the plans.
  - Clinic?
    - RM3000 most obvious way to support CareHere clinic
    - However, HDHP plan participants not utilizing HSA could still use clinic with no out of pocket costs
      - HSA utilizers would need to pay ACA minimum fee
  - Advantages to eliminating HDHP
    - Members would need to hit high deductible before any returns
    - Paul Dougherty: Chronically ill members seem to be on the managed care plan and rely on copays. Forcing them onto HDHP would be potentially catastrophic for them, financially.

        - Would motivate people to use clinic
    - Advantages to eliminating RM3000
        - Keep HSA, for 95 people using that
        - Plan would save a few thousand dollars for each member who hits their deductible--not too much money, ultimately.
- Saving money through plan design
    -

Current plan	Actuarial Value
HDHP	69.5%
PPO	75.8%
Weighted Average	73.1%

Option 1	Actuarial Value	Claim Discount Factor
HDHP	66.0%	-3.7%
$4,000 Deductible		
$6,900 OOP		
PPO	71.9%	
$4,000 Deductible		
$8,000 OOP		
Weighted Average	69.4%	

Option 2	Actuarial Value	Claim Discount Factor
HDHP	64.5%	-4.9%
$5,000 Deductible		
$6,900 OOP		
PPO	71.0%	
$5,000 Deductible		
$8,150 OOP		
Weighted Average	68.2%	

- What would life look like with a higher district contribution?
    - Would have to go to finance committee
    - Anything less than a 70%-30% district contribution could lead to a “death spiral”
        - Costs too much and employees leave plan (spouse, ACA exchange, no coverage, etc)
            - Loss of revenue
        - Sickest members tend to stay on plan, regardless of cost
            - Increase in cost
        - End of self-funded experiment
            - No chance of pay back on ‘loans’ to insurance plan
            - End of CareHere clinic before doors even open
    - Increased district contribution could eliminate the plan funding deficit.
    - How do we work through process of establishing funding rate without knowingly creating a deficit at end of year?
    - District contribution has not kept up with cost increases
- Potential cost saving programs
    - Interlink CancerCare $2.25 PEPM
        - Specialized cancer care management
        - Claims 20:1 ROI
        - We have high cancer rates
        - PEPM cost + variable costs for utilizing program
            - Would certainly be reimbursed via stop-loss if used

- Speciality drug coverage:
  - $535,000 of total drug costs--79.1%--is speciality drugs
  - PriceMD
    - Offshore procurement of speciality drugs
    - Our extremely normal nation does not allow the importation of drugs but allows citizens to travel abroad to procure them
    - Members would travel to Cayman Islands, visit with MD, get prescriptions, come back.
    - Reduce costs from $480,000 to $400,000
    - Challenges:
      - Individuals/families would need to consent
      - SUpport of attending physician
      - COVID19 Travel Restrictions
  - PayD Health
    - Will try to match members with foundational funding to offset plan costs
    - Still being vetted.
- Air Ambulance Case Rates
  - We had a couple steep bills for air ambulance use.
  - Sentinel Air Ambulance is a consortium that handles appropriate pricing to fly a member from, for example, Kalispell to Seattle.
- MD Live, CareHere's telemedicine
- 98.6, FCH's telemedicine
- These are all very minor, typically 2/10's of a percent, increases to our fixed admin costs.
  - Likewise, they trim the edges of large claim costs.

- Open enrollment?
  - Braumlee does not want to push it until June.
  - Braumlee will inquire with FCH about setting up open enrollment last couple weeks of May instead of May 1
- We decide our next meeting will be sooner rather than later
- We would like to see fixed percentage rate projections/tier options based on employee classification.

Meeting adjourned at 6:24 PM. Next meeting is April 21st at 4PM.