

Health Insurance Committee Minutes April 21, 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, Judd Nyberg, Dallas Stuker, Tracy Scott, Braumlee Boyce, Mark Flatau, Scott Haas (USI), Erik Davis (USI), Gwyn Andersen, Callie Langohr, Micah Hill

April 21

Opened at 4:08PM

CareHere Check in with Mark Carlson

- Clinic will open May 4
- 3 Presentations upcoming: 4/23 at 3PM, 4/27 at 1PM, 4/30 at 2PM, Information to follow.

Renewal Calculations with Scott Haas

- Scott examined KPS payroll for the purpose of modeling
- ~\$28 million annually, 642 employees
- Target revenue for renewal comes out to 31.23% of gross pay
 - This is not an unusual number for the USA
 - Not unusual for health care to be 2nd highest expenditure for insured groups in the USA
 - In a 70-30 split, enrollment would need \$346.72 from employees
 - 9% of gross payroll
 - If district maintains their level of contribution, 13.7% of gross pay
 - Pre-tax, if that is any consolation
- Scott ran us through the following scenarios
- One plan based on \$0 employee-only contribution, \$650 district contribution

| Managed Care Plan Only - \$650 Defined Contribution | | | | | | | | |
|---|--------------|--------------|----------|-----------------------|--------------|--------------|----------|-------------|
| HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ - | -100.0% | \$ (102.00) | \$ 181.72 | \$ - | -100.0% | \$ (181.72) |
| EE+SP | \$ 371.65 | \$ 805.87 | 116.8% | \$ 434.22 | \$ 397.44 | \$ 805.87 | 102.8% | \$ 408.43 |
| EE+CH+ | \$ 349.38 | \$ 745.43 | 113.4% | \$ 396.05 | \$ 373.23 | \$ 745.43 | 99.7% | \$ 372.20 |
| Family | \$ 565.48 | \$ 1,148.36 | 103.1% | \$ 582.88 | \$ 573.93 | \$ 1,148.36 | 100.1% | \$ 574.43 |

- One plan based on \$0 employee contribution, 70/30 split

| Managed Care Plan Only - 0% EE/30% Dependents | | | | | | | | |
|---|--------------|--------------|----------|-----------------------|--------------|--------------|----------|-------------|
| HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ - | -100.0% | \$ (102.00) | \$ 181.72 | \$ - | -100.0% | \$ (181.72) |
| EE+SP | \$ 371.65 | \$ 549.82 | 47.9% | \$ 178.17 | \$ 397.44 | \$ 549.82 | 38.3% | \$ 152.38 |
| EE+CH+ | \$ 349.38 | \$ 508.59 | 45.6% | \$ 159.21 | \$ 373.23 | \$ 508.59 | 36.3% | \$ 135.36 |
| Family | \$ 565.48 | \$ 783.50 | 38.6% | \$ 218.02 | \$ 573.93 | \$ 783.50 | 36.5% | \$ 209.57 |

- One plan based on \$57 employee only contribution, \$650 defined contribution

| Managed Care Plan Only - \$650 Defined Contribution | | | | | | | | |
|---|--------------|--------------|----------|-----------------------|--------------|--------------|----------|-------------|
| HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 57.00 | -44.1% | \$ (45.00) | \$ 181.72 | \$ 57.00 | -68.6% | \$ (124.72) |
| EE+SP | \$ 371.65 | \$ 764.03 | 105.6% | \$ 392.38 | \$ 397.44 | \$ 764.03 | 92.2% | \$ 366.59 |
| EE+CH+ | \$ 349.38 | \$ 706.73 | 102.3% | \$ 357.35 | \$ 373.23 | \$ 706.73 | 89.4% | \$ 333.50 |
| Family | \$ 565.48 | \$ 1,088.74 | 92.5% | \$ 523.26 | \$ 573.93 | \$ 1,088.74 | 89.7% | \$ 514.81 |

- One plan based on \$57 employee only contribution, 70-30 split

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| Managed Care Plan Only - \$57 EE/30% Dependents | | | | | | | | |
|---|-------------------------|--------------|----------|------------|-----------------------|--------------|----------|-------------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 57.00 | -44.1% | \$ (45.00) | \$ 181.72 | \$ 57.00 | -68.6% | \$ (124.72) |
| EE+SP | \$ 371.65 | \$ 507.98 | 36.7% | \$ 136.33 | \$ 397.44 | \$ 507.98 | 27.8% | \$ 110.54 |
| EE+CH+ | \$ 349.38 | \$ 469.89 | 34.5% | \$ 120.51 | \$ 373.23 | \$ 469.89 | 25.9% | \$ 96.66 |
| Family | \$ 565.48 | \$ 723.88 | 28.0% | \$ 158.40 | \$ 573.93 | \$ 723.88 | 26.1% | \$ 149.95 |

- One plan based on \$107 employee only, \$650 defined contribution

| Managed Care Plan Only - \$650 Defined Contribution | | | | | | | | |
|---|-------------------------|--------------|----------|-----------|-----------------------|--------------|----------|------------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 107.00 | 4.9% | \$ 5.00 | \$ 181.72 | \$ 107.00 | -41.1% | \$ (74.72) |
| EE+SP | \$ 371.65 | \$ 727.33 | 95.7% | \$ 355.68 | \$ 397.44 | \$ 727.33 | 83.0% | \$ 329.89 |
| EE+CH+ | \$ 349.38 | \$ 672.78 | 92.6% | \$ 323.40 | \$ 373.23 | \$ 672.78 | 80.3% | \$ 299.55 |
| Family | \$ 565.48 | \$ 1,036.44 | 83.3% | \$ 470.96 | \$ 573.93 | \$ 1,036.44 | 80.6% | \$ 462.51 |

- One plan based on \$107 employee only, 70/30 split

| Managed Care Plan Only - \$107 EE/30% Dependents | | | | | | | | |
|--|-------------------------|--------------|----------|-----------|-----------------------|--------------|----------|------------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 107.00 | 4.9% | \$ 5.00 | \$ 181.72 | \$ 107.00 | -41.1% | \$ (74.72) |
| EE+SP | \$ 371.65 | \$ 471.28 | 26.8% | \$ 99.63 | \$ 397.44 | \$ 471.28 | 18.6% | \$ 73.84 |
| EE+CH+ | \$ 349.38 | \$ 435.94 | 24.8% | \$ 86.56 | \$ 373.23 | \$ 435.94 | 16.8% | \$ 62.71 |
| Family | \$ 565.48 | \$ 671.58 | 18.8% | \$ 106.10 | \$ 573.93 | \$ 671.58 | 17.0% | \$ 97.65 |

- One plan based on \$157 employee only, \$650 defined contribution

| Managed Care Plan Only - \$650 Defined Contribution | | | | | | | | |
|---|-------------------------|--------------|----------|-----------|-----------------------|--------------|----------|------------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 157.00 | 53.9% | \$ 55.00 | \$ 181.72 | \$ 157.00 | -13.6% | \$ (24.72) |
| EE+SP | \$ 371.65 | \$ 690.63 | 85.8% | \$ 318.98 | \$ 397.44 | \$ 690.63 | 73.8% | \$ 293.19 |
| EE+CH+ | \$ 349.38 | \$ 638.83 | 82.8% | \$ 289.45 | \$ 373.23 | \$ 638.83 | 71.2% | \$ 265.60 |
| Family | \$ 565.48 | \$ 984.14 | 74.0% | \$ 418.66 | \$ 573.93 | \$ 984.14 | 71.5% | \$ 410.21 |

- One plan based on \$157 employee only, 70/30 split

| Managed Care Plan Only - \$157 EE/30% Dependents | | | | | | | | |
|--|-------------------------|--------------|----------|----------|-----------------------|--------------|----------|------------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 157.00 | 53.9% | \$ 55.00 | \$ 181.72 | \$ 157.00 | -13.6% | \$ (24.72) |
| EE+SP | \$ 371.65 | \$ 434.58 | 16.9% | \$ 62.93 | \$ 397.44 | \$ 434.58 | 9.3% | \$ 37.14 |
| EE+CH+ | \$ 349.38 | \$ 401.99 | 15.1% | \$ 52.61 | \$ 373.23 | \$ 401.99 | 7.7% | \$ 28.76 |
| Family | \$ 565.48 | \$ 619.28 | 9.5% | \$ 53.80 | \$ 573.93 | \$ 619.28 | 7.9% | \$ 45.35 |

- One plan, defined \$650 contribution, full slope and no employee only subsidy

| Managed Care Plan Only - \$650 Defined Contribution | | | | | | | | |
|---|-------------------------|--------------|----------|-----------|-----------------------|--------------|----------|-----------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current | Proposed | % | \$ | Current | Proposed | % | \$ |
| | Contribution | Contribution | Variance | Variance | Contribution | Contribution | Variance | Variance |
| EE | \$ 102.00 | \$ 294.76 | 189.0% | \$ 192.76 | \$ 181.72 | \$ 294.76 | 62.2% | \$ 113.04 |
| EE+SP | \$ 371.65 | \$ 589.51 | 58.6% | \$ 217.86 | \$ 397.44 | \$ 589.51 | 48.3% | \$ 192.07 |
| EE+CH+ | \$ 349.38 | \$ 545.30 | 56.1% | \$ 195.92 | \$ 373.23 | \$ 545.30 | 46.1% | \$ 172.07 |
| Family | \$ 565.48 | \$ 840.06 | 48.6% | \$ 274.58 | \$ 573.93 | \$ 840.06 | 46.4% | \$ 266.13 |

- One plan, 70/30 split and full slope:

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| Managed Care Plan Only - Full Slope | | | | | | | | |
|-------------------------------------|-------------------------|-----------------------|------------|-------------|-----------------------|-----------------------|------------|-------------|
| | HDHP3000 Active/Retiree | | | | RM3000 Active/Retiree | | | |
| | Current Contribution | Proposed Contribution | % Variance | \$ Variance | Current Contribution | Proposed Contribution | % Variance | \$ Variance |
| EE | \$ 102.00 | \$ 201.11 | 97.2% | \$ 99.11 | \$ 181.72 | \$ 201.11 | 10.7% | \$ 19.39 |
| EE+SP | \$ 371.65 | \$ 402.21 | 8.2% | \$ 30.56 | \$ 397.44 | \$ 402.21 | 1.2% | \$ 4.77 |
| EE+CH+ | \$ 349.38 | \$ 372.04 | 6.5% | \$ 22.66 | \$ 373.23 | \$ 372.04 | -0.3% | \$ (1.19) |
| Family | \$ 565.48 | \$ 573.15 | 1.4% | \$ 7.67 | \$ 573.93 | \$ 573.15 | -0.1% | \$ (0.78) |

- Scott does not recommend one or the other
 - However, he believes anything worse than 70/30 would begin death spiral for plan due to lack of affordability
- Still, looking at 20.9% increase
- Plan design:
 - Maxxing out of pocket only gives 4% savings or about \$50 PEPM
 - Scott does not recommend diluting benefits
- Scott recommends moving to the RM3000, traditional managed care plan
 - Advantages:
 - Dovetails best with district's clinic investment
 - We could increase copays for other providers
 - No copays for clinic
 - Can keep our preferred providers/case rate bundles
 - Moving the whole group to High Deductible plan instead would eliminate specialty drug benefits which could see members who rely on that have to hit a steep deductible before seeing any benefits.
 - Deductible on prescription could be devastating.
 - Paul read letters from Kerrie More and Shannon Smith, both in favor of keeping HSA, into the record.
- Specialty drug proposal:
 - Scott will have much more information after coordinating with First Choice Health
 - If numbers are to be believed, we have tremendous opportunity to save money.
 - Could take \$1 million specialty drug costs down to \$600,000.
 - Almost half of annualized speciality costs.
- Gwyn Andersen: Plan looking at deficit of \$1.47 million
 - Premiums increases will only affect plan members. Salary and wage changes affect all employees.
- Dallas Stuker: Why eliminate HDHP?
 - Scott: eliminate anti-selection fostered by plan and encourage clinic use
 - Paul: Financial impact to those who rely on copays for chronic treatment should be considered, too.
- Motion by Mike Thiel, Seconded by Kris Hursh, to eliminate HDHP and move to RM3000 managed care plan only:
 - Passes 11 to 1
- With that, Mike asks Scott to begin modeling something a little easier to swallow for plan as whole, a scenario between RM3000 and HDHP structures.

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- Special attention paid to making sure that no one ends up with a decrease in premiums, we're all in this together.
- Would it be possible to divide our play payment schedules based on salary, rather than job classification?
- Lynne Rider: using different classification averages to create different tiers.
- Mike: flat ~9%
- Braumlee Boyce will have to see how modeling will affect online enrollment but it should be a matter of organizing the program we use.
- Scott will have these new numbers by end of the week, we will meet again April 28 at 4 PM

Meeting adjourned at 6:06 PM. Next meeting is April 28th at 4PM.