

December 3 Kalispell Public Schools Health Insurance Committee Meeting

Members: Niki Dykstra, Alex Schaeffer, Jack Fallon, Kris Hursh, Paul Dougherty - Chair, Lynne Ogden-Rider, Hollis May, Cindy Jones, Chere' Hobbs, Rose Ann Clark, Kirsten Pevey, David Barr, Braumlee Boyce, Diane Morton Stout

Advisors: Micah Hill, Gwyn Andersen, Tracy Scott

Consultants: Scott Haas (USI), Erik Davis (USI), Davilyn Roesler (CareHere), Kim Oliver (FCH), Nicolé Dryer (FCH)

Meeting brought to order at 4:05 PM

FCH Negotiations w KRH with Kim Oliver

- FCH has been able to negotiate contracts that will go into effect Jan 1.
- Overview of claim impact:
 - Kim Oliver is contract director for FCH and liaisons with hospitals for FCH
 - KRH has really prioritized its relationship with KPS in the last year
 - Compared to other “AA” schools and using medicare as a baseline for costs, KRH is currently in 6th place. We average about 278% of medicare pricing
 - Scott, Braumlee, Kim, and Tracy have analyzed certain case rates to begin working on controlling costs further.
 - KRH did a great job digging into the data with Kim Oliver and offered a deeper discount overall.
 - Beginning January 1, KRH will go from 6th to 2nd place, offering services at 229% of Medicare.
 - Pursuing other market options was a great strategy for KPS and KRH was willing to engage with their community partners. Really good faith action from KRH.
 - North Valley will remain as a preferred provider--nothing is changing. Things are good there still for us. Their fees function differently than KRMC at large.
 - KRH is changing their chargemaster system.
 - Decreased KRMC charges, increasing some at the Health Center.
 - Overall .4% increase overall at KRMC,
 - Significant discounts for oncology
 - Increased LifeFlight discounts--fixed rate.
 - No changes to clinic charges, remains 160% of medicare
 - Continued caps on high dollar claims with a willingness to negotiate larger discounts.
 - Kim Oliver: does not make as much sense to direct members to North Valley over KRMC as heavily as we have in the past.
 - Erik Davis: No longer having to fight for access to a particular facility.
 - Braumlee Boyce: does Tier 1 go away?
 - Erik Davis: Still have the ability to use NorthWest Speciality health, but when we go into a negotiated solution like this, we have the ability to have

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procedures price pointed at a variety of KRH facilities, we have the weighted average of cost at any of those facilities. We probably don't need to keep certain Montana hospitals in Tier 1 when KRH now beats them in price.

- Scott Haas: The margin of competitive variance between North Valley and KRMC is diminished. The recommendation: we maintain North Valley as tier 1 but in good faith, we remove other Montana providers (st. pat's or st. vincent's) from tier 1 in recognition of the changes made by KRH. KRH would not go into tier 1.
- These network changes will go into effect on January 1. Scott recommends we take St. Vincent's and St. Pats out of Tier 1. Keeping NorthWest Speciality, big SKy IV, North Valley, etc tier 1.
- Jack Fallon motions to retain North Valley, NW Speciality Health, Big SKy IV in tier 1, and remove St V and St P from tier 1. 2nd by Kris Hursh.
 - Motion passes unanimously.

Review of CareHere metrics with Davilyn Roesler

- Report from Oct and November, not a full Q4
- Huge increase in utilization in the last two months. Almost 94%
- Mainly employees, some families. Both staff are earning rave reviews.
- Capacity v Booked appointments:
 - Available appoints filling up.
- Clinic Utilization: 93.5%
 - COVID walkin testing starting now.
- Excellent "No Show" rate.
 - Plan members are not wasting appointment time.
- Top 20 diagnoses:
 - Lot of positive COVID, tracks with continued inability of the USA to contain this virus especially in the Mountain West.
 - Chronic diseases being caught relatively early.
- AHA Blood Draw results:
 - Great participation by female members.
 - Most biometrics are within the normal range.
- Braumlee Boyce: We are adding about 2 and a half hours of COVID testing next week. Email to come out tomorrow.
 - We are going to allow all uninsured members to get tested, too.
- Jack Fallon: revenue will begin soon coming into the clinic.
 - Waiting on MUST and NNIA to see if we have additional partners.
- Davilyn Roesler: State of Montana selected CareHere's bid to continue providing for the state clinics. This was announced today. Contract to be signed soon.
 - More information next month.

Introduction to Plan Financials with Gwyn Andersen

- Looking at the October financials.
- Gwyn Andersen: wanted to explain the district financials, especially to new members.
- We see, at the top of her first page, a negative cash balance, but we are moving in the right direction.
- The First Interstate accounts are where we move funds between county accounts and first choice health. We tend to have \$200,000 in those accounts to cover claims as they start to come through.
- Receivables:
 - Dental and Health premium receivable from July and August are from the summer, when we do not collect premiums from employees. They collect 1/10th per pay check throughout the year.
- Liabilities based on Incurred but not reported, estimated by Scott Haas.
 - This year, we have retirees on our plan. They sometimes prepay on their health insurance.
 - Scott Haas on IBNR: a placeholder. If the district were to terminate its self funded plan, they would still be obligated to pay for claims incurred before the plan officially terminates. A required accounting.
 - Loan? The \$725,000 loan was between the district and the plan with a payment plan.
- Gwyn Andersen: The new funding model [From the spring 2020 MOA] sets us up well for the future.
- About \$388k in the black right now.

Experience Review with Scott Haas

- USI takes district financials to construct a profit-loss report.
 - Based on enrollment and plan rates
- Currently have a \$379,376 surplus--very close to Gwyn's budget report.
 - Adding category of CareHere experiences leads to ~\$234,000 surplus
- After life insurance/non-medical or dental: ~\$214,000 surplus.
- Only one month of funding deficit and that was July.
- So far so good, tracking with where we had hoped to be.
- Gwyn Andersen: wants to see how CareHere has contributed to a decline in medical claim cost.
 - Scott Haas: Clinic is paid for on a per employee, per month, basis.
 - Really getting a lot of utilization out of the clinic, we will start to see the positive impact on the plan's accrued costs.
- Previously, the plan could never get caught up to increased costs.
- Increased plan funding will help avoid that.
- Total plan cost is up 9.4%, but our budget is up 17.5%
 - Exactly on target for what we are trying to achieve.

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- Claims are up 8.5%, in part due to a very robust July.
- Running at ~100% of budget, which is the underwriting goal
- Covid impact?
 - In February, we saw a huge drop off in medical costs which lasted through the shelter in place.
 - June and July bounced back with fury.
 - Dental claims are pretty consistent until shelter in place. Bounced back in June and July.
 - Next level of COVID surge? Now it is off the charts, still waiting on impact here.
 - Prescription drugs have continued to increase.
 - Mostly due to specialty drugs.
- Stop-Loss:
 - Currently running at 60.5% of claims v premiums.
 - Current large claims:
 - Speciality drug LASER
 - One large claim form the summer
 - 2 more in ~ the last month
 - At the end of June 2020, we had 22 people (~\$3,000,000 in claims)
 - Large claims accumulate over time.
 - Anticipate list to grow over time.
 - Kris Hursh: Any large claims coming down the pike?
 - Scott Haas: Four right now, historically many more. As they hit \$62,500 they are added to the list.
 - Via case management information from FCH, we will have some bigger claims coming into focus in the next month or so.

Review of Potential Voluntary product offerings with Scott Haas

- An insurance agent out of Missoula approached Braumlee Boyce. We have looked into such things in the past and it was determined that we should not pursue them at that time.
- What are voluntary benefits and how can they benefit the employees?
 - Employee paid products that are issued and supported by the district/plan sponsor. Gives employees the opportunity to buy products at discounted rates via group purchasing.
 - Currently the district offers two voluntary products: life and vision.
 - There are other benefits out in the marketplace, life, pet coverage, ID theft protection, liability, financial counseling.
 - Many of these are available to dues paying members of MFPE.
 - Lynne Rider will check with what is offered via MFPE so we can approach this discussion more thoroughly in January.

Adjourn by Kris Hursh, 2nd by Jack Fallon at 5:50 PM

Next January meeting to be determined