



YOUR BEST PROTECTION

Approved Minutes- July 9, 2018

Employee Benefits Committee Meeting

ACWA JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

April 4, 2018

This meeting consisted of a simultaneous WebEx teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and the following remote sites:

- Boatmun – 4004 Salem Street, Concord
- Linthicum – 1021 E Miramar Ave, Claremont
- Peterson – 2936 Triunfo Canyon Rd., Agoura Hills

MEMBERS PRESENT

Chairman: J. Bruce Rupp, Humboldt Bay Municipal Water District

Vice-chair: Melody McDonald, San Bernardino Valley Water Conservation District

Bette Boatmun, Contra Costa Water District (via WebEx)

Stephanie Dosier, Orange County Water District

Karen Gish, Amador Water Agency

James Linthicum, Three Valleys Municipal Water District (via WebEx)

Sandy Olson, Walnut Valley Water District

Glen Peterson, Las Virgenes Municipal Water District (via WebEx)

MEMBERS ABSENT

Randy Shilling, Kings River Conservation District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter “Andy” Sells

Sonya Baker, Benefits System Analyst

Veronica Cobian, Benefits Administrator II

Linda Craun (WebEx Coordinator)

David deBernardi, Director of Finance

Robert Greenfield, General Counsel

Allison Hartill, Benefits Analyst I

Ben Hayden, Lead Benefits Analyst

Sandra Smith, Employee Benefits Manager

Daniel Steele, Lead Accountant

Michelle Stites, Benefits Administrator I (recording secretary)

Dianna Sutton, Finance Manager

Karen Thesing, Director of Insurance Services

Melody Tucker, Workers’ Compensation Claims Manager (left at 11:20)

Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Thomas A Cuquet, South Sutter Water District
David A. Drake, Rincon del Diablo Municipal Water District (via WebEx)
David Hodgkin, Scotts Valley Water District (via WebEx)
W.D. "Bill" Knutson, Yuima Municipal Water District
Kimberly Miller Alliant
Thomas Sher, Alliant
Kathy Tiegs, Cucamonga Valley Water District

WELCOME

Chairman Rupp welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Rupp called the meeting to order at 10:03 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Rupp announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chairman Rupp noted that, as the agenda stated, members of the public would be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Rupp welcomed all in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Rupp asked for any additions to, or deletions from, the agenda; none requested.

CONSENT AGENDA

Chairman Rupp called for approval of the Consent Agenda or approval of the minutes of the last meeting October 25, 2017:

M/S/C (McDonald/Dosier) (Boatman-Yes, Dosier-Yes, Gish-Yes, Linthicum-Yes, McDonald-Yes, Olson-Yes, Peterson-Yes, Rupp-Yes):
That the Employee Benefits Program Committee approve the minutes of October 25, 2017 as presented.

REPORT ON MEETINGS ATTENDED ON BEHALF OF JPIA

None reported.

PRELIMINARY RATE PROJECTIONS FOR 2019

Ms. Smith presented a summary of medical plan design changes implemented over the past five years, along with rate history, and 2019 projections. Ms. Smith reviewed the savings estimates for each plan design change. She also reviewed the value added services incorporated for JPIA members.

Ms. Smith noted that there were two participants people enrolled in the CDHP in 2012. There are now 44 districts that offer the CDHP, with a total of 244 Anthem participants and 54 Kaiser participants. Ms. Smith thanked Mr. Hayden for his continued efforts in promoting and educating members about the CDHP, including guiding them through implementation. Several Committee members commented that collaboration between the district and JPIA is a necessity for a successful implementation of the CDHP plans.

Mr. Sher informed the Committee that based on the Anthem Book of Business trends and Alliant Book of Business trends, 2019 appears to be trending lower than expected, due to the economy. Current projections indicate a cost increase of 6.1% for the PPO program.

PHARMACY BENEFIT MANAGER

JPIA's Anthem PPO and HMO medical plans utilize Express Scripts as the Pharmacy Benefit Manager (PBM) for the plans' prescription claims. Prescription expenses make up approximately 25% of JPIA's self-funded plan claims costs. The PBM not only processes prescription drug claims, but also negotiates pricing and rebates with drug manufacturers and maintains drug formulary lists. JPIA's use of Express Scripts is indirect, through contract with Anthem. Anthem will no longer contract with Express Scripts for PBM services effective January 1, 2020.

JPIA will need to secure a new PBM contract by January 1, 2020 because the current arrangement will no longer be an option. Staff is evaluating options and will present more information at the next Committee meeting.

RESERVE TARGET GOALS

Mr. deBernardi explained to the Committee that for the past three years, JPIA has used \$18.5 million as the target goal for the Employee Benefits reserves. This number was based on a January 2015 actuary report using a 99% confidence level.

As of February 28, 2018, the Employee Benefits Program reserves were \$41.3 million. The \$41.3 million figure includes \$7.9 million dollars for estimated incurred but not reported (IBNR) claims. The new actuarial findings estimate the reserve fund would cover total losses at 99% confidence level with \$19.2 million, a \$700,000 increase from the previous estimate.

M/S/C (McDonald/Gish) (Boatman-Yes, Dosier-Yes, Gish-Yes, Linthicum-Yes, McDonald-Yes, Olson-Yes, Peterson-Yes, Rupp-Yes): That the Employee Benefits Program Committee recommend that the Executive Committee approve to change the reserve goal to \$19.2 million.

SOLERA DIABETES PREVENTION PROGRAM

Ms. Smith presented the Solera Diabetes Prevention Program. Diabetes is a notable contributor to plan costs, according to utilization data provided by both Anthem and Kaiser. Anthem Blue Cross offers an option to add a Diabetes Prevention Program at no cost to the participant. The cost to the plan is about \$400 per person who participates in the program. Costs are anticipated to be offset by reduced medical and prescription claims expenses.

JPIA's Anthem PPO and HMO plans began offering the Solera Diabetes Prevention Program in February 2018. The program launched with a weekly drawing for a \$100 Amazon gift card during the first four weeks. Over 800 participants took the online quiz to see if they qualified for the benefit. Staff will update the Committee as utilization data becomes available.

CARRUM HEALTH UPDATE

Ms. Smith spoke about Carrum Health's bundled surgery benefit available under the PPO plans. Plan savings for surgeries through Carrum Health are passed along to participants by waiving costs, and travel expenses are covered. Communication efforts to get the word out about this feature have included an employer webinar, flyers, and videos on the JPIA website for distribution during open enrollment and at hire, Carrum presence at health fairs and HR group meetings, emails to HR staff to forward to employees, and a postcard mailed directly to Anthem PPO plan participants.

To date, two surgeries have been completed through Carrum Health. Both patients reported high satisfaction, rating the experience a 10 out of 10. Another patient will be having surgery soon, with several more in the beginning phases of arranging their surgeries.

Carrum Health has a data feed with Anthem and is working to identify patients who may be recommended for orthopedic, cardiac, or bariatric surgery. Direct member outreach is occurring to identify patients and is expected to increase as analytics are honed. Staff will provide more utilization data to the Committee as it becomes available.

CLAIMS DATA ANALYSIS UPDATE

Mr. Hayden presented an update on the Claims Data Analysis to the Committee. Medical premiums vary based on two criteria: Standard or Incentive Rates and five geographic regions. Price differentials have changed very little since JPIA began administering Employee Benefits.

JPIA has been reviewing and analyzing detailed claims costs for the self-funded medical plans dating back to 2015. JPIA has validated the four percent differential between Standard and Incentive rates along with the regional pricing differences.

Further analysis to identify which criteria have the greatest impact on claims is ongoing.

STAFFING UPDATE

Ms. Smith informed the Committee that due to a recent retirement there is an opening for an Employee Benefits Account Manager. The position will be adjusted to include more member outreach and service. It is anticipated the employee would work remotely from Southern California which would facilitate more face-to-face interaction and reduce travel expenses. Recruitment is currently underway.

EMPLOYEE BENEFITS MARKET PLACE

Mr. Sher discussed the impacts of current and pending legislation related to healthcare.

NEXT MEETING DATE

Availability for Upcoming Meeting(s)

The next scheduled Employee Benefits Program Committee meeting is Monday, July 9, 2018. No conflicts were noted.

The Employee Benefits Program Committee meeting adjourned at 12:09 p.m.