

Employee Benefits Program Committee Meeting



YOUR BEST PROTECTION

ACWA JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661

Tuesday
June 27, 2017
9:00 AM

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

Vice-chair: Melody A. McDonald, San Bernardino Valley WCD

Merle Aleshire, Valley Center Municipal Water District

Bette Boatmun, Contra Costa Water District

Stephanie Dosier, Orange County Water District

Karen Gish, Amador Water Agency

Sandy Olson, Walnut Valley Water District

Glen Peterson, Las Virgenes Municipal Water District

Randy Shilling, Kings River Conservation District



EMPLOYEE BENEFITS PROGRAM COMMITTEE MEETING

AGENDA

JPIA Executive Conference Room
2100 Professional Drive, Roseville, CA 95661
(800) 231-5742 - WWW.ACWAJPIA.COM

Tuesday, June 27, 2017, 9:00 AM

WebEx call-in: (855) 749-4750; Access code: 802 041 567; Password: 1234

This meeting shall consist 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

WELCOME

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

ANNOUNCEMENT RECORDING OF MEETING This meeting may be recorded to assist in preparation of minutes. Recordings will only be kept 30 days following the meeting, as mandated by the California Brown Act.

EVACUATION PROCEDURES

PUBLIC COMMENT Members of the public will be allowed to address the Employee Benefits Program Committee on any agenda item prior to the Committee's decision on the item. They will also be allowed to comment on any issues that they wish which may or may not be on the agenda. If anyone present wishes to be heard, please let the Chairman know.

INTRODUCTIONS

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Presenter

- | | | | |
|-------|---|--|---|
| Rupp | * | I. Approve the minutes of the meeting of April 4, 2017. | 1 |
| All | | II. Report on meetings attended on behalf of the JPIA. | |
| Smith | * | III. Review and take action on 2018 pricing and plan options for self-funded Anthem PPO medical plans. | 7 |

Presenter

Smith	*	IV.	Review and take action on 2018 pricing for insured HMO medical plans.	30
Smith	*	V.	Review and take action on 2018 pricing for ancillary benefit plans.	38
Smith/Sher	*	VI.	Employee Benefits update.	47
Sells	*	VII.	Castlight update.	48
Smith	*	VIII.	Wellness Grant update.	52
Rupp	*	IX.	Discuss next meeting date: To be determined.	55

ADJOURN

*Related items enclosed.

Americans With Disabilities Act – *The JPIA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the JPIA, shall be made to: Allison Hartill, Benefits Analyst, ACWA JPIA, PO Box 619082, Roseville, CA 95661-9082; telephone (916) 774-7046. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m. (Government Code Section 54954.2, subdivision. (a)(1).)*

Written materials relating to an item on this Agenda that are distributed to the JPIA's Employee Benefits Program Committee within 72 hours before it is to consider the item at its regularly scheduled meeting will be made available for public inspection at ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661-3700; telephone (916) 786-5742. The JPIA's normal business hours are Monday – Friday, 7:30 a.m. to 4:30 p.m.



Unapproved Minutes

Employee Benefits Program Committee Meeting
 ACWA JPIA Executive Conference Room
 2100 Professional Drive
 Roseville, CA 95661
 (800) 231-5742

April 4, 2017

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
- Shilling, 4886 E. Jensen Avenue, Fresno

MEMBERS PRESENT

Chairman: J. Bruce Rupp, Humboldt Bay Municipal Water District
 Merle Aleshire, Valley Center Municipal Water District (left at 3:10 p.m.)
 Bette Boatmun, Contra Costa Water District (*via WebEx*)
 Stephanie Dosier, Orange County Water District
 Karen Gish, Amador Water Agency
 Sandy Olson, Walnut Valley Water District
 Glen Peterson, Las Virgenes Municipal Water District (*via WebEx*)
 Randy Shilling, Kings River Conservation District (*via WebEx*)

MEMBERS ABSENT

Melody McDonald, San Bernardino Valley Water Conservation District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
 Carol Barake, Risk Management Program Manager
 Chimene Camacho, Human Resources Coordinator (Recording Secretary)
 Linda Craun, Administrative Assistant II (WebEx Coordinator)
 David deBernardi, Director of Finance
 Robert Greenfield, General Counsel
 Ben Hayden, Lead Benefits Analyst
 Patricia Slaven, Director of Administration
 Sandra Smith, Employee Benefits Manager
 Dianna Sutton, Finance Manager
 Karen Thesing, Director of Insurance Services
 Melody Tucker, Workers' Compensation Claims Manager
 Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Thomas Cuquet, South Sutter Water District
 E.G. "Jerry" Gladbach, Castaic Lake Water Agency (*via WebEx*)
 David Drake, Rincon del Diablo Municipal Water District (*via WebEx*)
 David Hodgins, Scotts Valley Water District
 Kimberly Miller, Alliant Insurance
 Chuck Muse, Member of the Public (*via WebEx*)
 W.D. "Bill" Knutson, Yuima Municipal Water District (*via WebEx*)
 Tammy Rudock, Mid-Peninsula Water District
 Thomas Sher, Alliant Insurance

WELCOME

Chairman Rupp welcomed everyone in attendance as the newly appointed Chairman of the Employee Benefits Program Committee. He also reported that Director Melody McDonald has been appointed as the new Vice-chair of the Committee. Chairman Rupp asked the rest of the Committee members and staff to introduce themselves.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Rupp called the meeting to order at 1:00 p.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.

APPROVAL OF MINUTES

Chairman Rupp called for approval of the minutes of the November 28, 2016 Employee Benefits Program Committee meeting.

M/S/C (Aleshire/Olson) (Aleshire-Yes; Boatman-Yes; Dosier-Yes; Gish-Yes; Olson-Yes; Shilling-Yes; Rupp-Yes): That the Employee Benefits Program Committee approve the minutes of the November 28, 2016 meeting, as presented.

MEDICAL PLAN PROJECTION

At the November 28, 2016 meeting, JPIA staff presented the Committee with a number of cost savings options. Staff was asked to further explore each option and present findings for the Committee's consideration.

Mr. Sells reminded the Committee that the goal of this meeting is to have open discussion on the various cost savings options to be presented. Although no decisions have to be made at this meeting, feedback is highly encouraged so staff can include the cost savings options of interest in the renewal meeting on June 27, 2017. Information in the packet provided an early look at projections for the 2018 renewal, focusing specifically on the self-funded Anthem PPO plans, which is estimated to yield a rate increase of approximately 10.85%. The presented figure assumes no subsidy. Ms. Smith also explained that it is very early in the year and this number is likely to change.

Ms. Smith provided a brief summary of the current JPIA 2017 medical offerings.

BENEFIT PLAN OPTION: CENTERS OF EXCELLENCE

Ms. Smith presented the Centers of Excellence plan option. Centers of Excellence are facilities that have been identified as having expertise in a particular procedure, measured by positive patient outcomes and low readmission/complication rates. Cost savings can occur by way of reduced follow up care needed and/or lower contracted rates with the facility. Carrum Health was implemented on March 1, 2017 at no cost to the JPIA for two years, with savings per procedure estimated to average 32%. Plan savings will be passed on the participants by waiving patient financial responsibility for the procedure and sponsoring travel to the contracted facility. Carrum Health has the potential to save the plan nearly \$900,000 in the first year, assuming 100% adoption by participants. Education outreach is underway. Two webinars have been held to introduce the program to member agency HR representatives. A communications campaign targeting participants is currently underway to reach participants via email, YouTube video, and direct mail postcard.

Committee members requested staff to report back on member usage of Carrum Health.

BENEFIT PLAN OPTION: REFERENCE-BASED PRICING

Mr. Hayden presented the Reference-Based Pricing option, which limits the amount the plan will pay for specific procedures. Participants are responsible to shop for services below the payment maximum, and are responsible for cost incurred in excess of the maximum allowance. Significant communications are required to prevent participants from unknowingly incurring substantial additional costs for procedures subject to reference-based pricing.

Staff does not recommend implementing this change, as it will have significant, unexpected financial impacts on some plan participants.

The Committee directed staff not to pursue the Referenced-Based Pricing option.

BENEFIT PLAN OPTION: NARROW NETWORK

Mr. Hayden continued by presenting the next cost savings option, Narrow Network plan. The plan will contract only with providers who agree to lower negotiated fees and will

exclude higher cost providers, resulting in lower plan cost and lower premiums. Potential savings and participant disruption to implement the Narrow Network plans were presented. Full replacement of the current PPO network would result in 27-33% of participants needing to change doctors to stay in network with projected savings of \$1.36 million.

Staff does not recommend this option at this time due to the high disruption rate.

After some discussion regarding the substantial disruption this option might cause, the Committee directed staff not to pursue the Narrow Network option.

BENEFIT PLAN OPTION: CHANGE PHARMACY BENEFIT MANAGER

Ms. Smith reported on the next benefit plan option, Change Pharmacy Benefit Manager. JPIA's contract with Anthem includes pharmacy benefits, which Anthem contracts with Express Scripts to administer. Two options were presented: 1) Continue contracting with Anthem, who subcontracts with Express Scripts; or 2) Contract with a Pharmacy Benefit Manager utilizing the Transparency model. Ms. Smith briefly discussed the difference between Traditional vs. Transparent Pricing and the transitional service issues to be expected if a switch to Transparent Pricing is implemented. Significant savings could justify temporary disruption. Alliant is currently preparing a cost analysis to project potential savings if this option is adopted.

The Committee directed staff to present more information about the Change Pharmacy Benefit Manager option at the renewal meeting on June 27, 2017.

BENEFIT PLAN OPTION: CHANGE PHARMACY FORMULARY

Ms. Smith reported on the Change Pharmacy Formulary benefit plan option. Currently, JPIA's plans utilize the Anthem National Formulary Drug List. A more restrictive Essential Formulary Drug List is available. Basically, with the current open formulary utilized by JPIA, if the medication is not on the list, the members pay the highest of the three tiers, \$50 for a 30-day supply. With the closed formulary, if the medication is not on the list, it is not covered. Estimated savings and disruption were presented. Anthem identified 3,930 unique members (approximately 40% of PPO participants) who would need to change at least one medication to be covered by the new formulary. Savings are projected to be approximately \$780,000. Ms. Smith also noted that if JPIA changes Pharmacy Benefits Managers, this will no longer be an option for consideration.

The Committee directed staff to present more information about the Change Pharmacy Formulary option at the renewal meeting on June 27, 2017.

BENEFIT PLAN OPTION: TIERED PHARMACY BENEFIT

Ms. Smith reported on the Tiered Pharmacy benefit plan option that apply higher copays at pharmacies that traditionally charge more for medications. The analysis presented showed savings and disruption based on current pharmacy claims. Potential savings are estimated at 0.2%, and approximately one in five participants would need to change pharmacies or pay a higher copay. One potential major issue is that geographical

dispersion of participants in rural areas limits access to lower cost pharmacies. Administratively, Anthem cannot waive the higher copay if a participant does not live near a Level One network pharmacy.

Committee members provided feedback that this option should not be a huge disruption to members since most districts, including rural areas, have access to lower cost pharmacies, such as Walmart or CVS.

Mr. Sher indicated that as part of Alliant's analysis of a new Pharmacy Benefit Manager option, he will report to the Committee whether a Tiered Pharmacy benefit is an option with the potential new Pharmacy Benefit Manager.

The Committee directed staff to present more information about the Tiered Pharmacy benefit plan option at the renewal meeting on June 27, 2017.

BENEFIT PLAN OPTION: WELLNESS

Ms. Smith stated that Anthem has once again given \$75,000 in Wellness Grants to be available to the 206 JPIA member agencies participating in the medical plans. The program has been well received by members. Grants are anticipated to be distributed before Open Enrollment begins this year. Participation in the Wellness Grant program grew from 39 agencies in 2015 to 55 agencies in 2016. JPIA continues to partner with Anthem, Kaiser, and MHN to identify new resources and opportunities available to member agencies.

BENEFIT PLAN OPTION: MODIFY PLAN DESIGNS

Ms. Smith presented the Modify Plan Design option. Alliant has conducted a thorough analysis of the savings that could be achieved with each plan design change presented and also included a comparison of JPIA, CalPERS, and SDRMA plan designs for reference. The modifications presented focused on the two Anthem PPO plans offered: the Classic PPO plan and the Advantage PPO plan. Increasing the deductible, out-of-pocket maximums and co-insurances, as well as inpatient facility charges were explored.

A lengthy discussion was held regarding the potential impact to participants, the savings associated with each change presented, and how increasing the deductible would impact more members than increasing the out-of-pocket maximums.

The Committee directed staff to present more information about the following Modify Plan Design options at the renewal meeting on June 27, 2017: 1) No changes to the plans; 2) Increasing the out-of-pocket maximum to \$2,000 for individuals and \$4,000 for a family; and 3) Increasing inpatient facility charges.

ADDITION POTENTIAL FUTURE OPTIONS

Mr. Sells discussed an analysis that is underway to determine if the 4% Incentive Rate is appropriate, and if adjustments to underwriting rules or the percent discount are

warranted. A number of factors, including cash in lieu of benefits, will be analyzed to determine impact on claims costs.

Mr. Sher discussed rate blending as a strategy to address the disproportionate enrollment in certain plans in certain areas, resulting in premiums in one plan subsidizing the cost for another plan. This option would take extensive analysis, preparation, and discussion to determine long-term impact, and would be best to address in renewal years 2019 and beyond.

AFFORDABLE CARE ACT

Mr. Sher provided an update on the Affordable Care Act (ACA) and pending legislation. The recent American Health Care Act (AHCA) was pulled from consideration at the federal level. No changes to the ACA are expected at this time. Mr. Sher will continue to monitor the situation, work with staff to address any changes in legislation, and report back to the Committee to provide an update at the next meeting.

NEXT MEETING DATE

Future Agenda Items

- Provide more information on the Anthem Blue Distinction Centers

Availability for Upcoming Meeting

The next Employee Benefits Program Committee meeting is the renewal meeting scheduled for June 27, 2017 at 9:00 a.m. No conflicts were noted.

The Employee Benefits Program Committee meeting adjourned at 3:19 p.m.

ACWA JPIA
Anthem PPO Plans
June 27, 2017

BACKGROUND

Employee Benefit plans renew January 1, 2018. This will be the sixth Employee Benefits renewal for the JPIA. Preliminary benefit plan design options were presented and discussed at the April 2017 Employee Benefits Committee meeting.

CURRENT SITUATION

Staff met with Alliant Insurance Services, Inc. to discuss the JPIA plans' utilization, current trends in pricing, and benefit plan design options. Plan design and corresponding plan cost information is reflected in the following pages. Pricing options for 2018 will be presented and discussed at the Employee Benefits Program Committee meeting.

The following pages include:

- A summary of staff recommendations included in this packet.
- Pricing sheets staff developed for the PPO and HMO plans to meet the projected costs of the plans.
- An overview of all JPIA Employee Benefits Programs, followed by detail on the PPO plans specifically.

RECOMMENDATIONS

- 1) That the Employee Benefits Program Committee recommend that the Executive Committee approve the following plan design changes to Classic PPO, effective January 1, 2018:
 - Increase out of pocket maximum from \$1000/individual and \$3000/family to \$2000/individual and \$4000/family
 - Increase participant cost share from 0% to 10% for hospitalization facility charges
- 2) That the Employee Benefits Program Committee recommend that the Executive Committee approve a **4.5%** aggregate increase in rates in the Anthem Blue Cross Self-Funded PPO Plans, effective January 1, 2018.

Employee Benefits Program Committee Meeting June 27, 2017

Summary of Staff Recommendations reflected in the packet

Anthem PPO

- 1) That the Employee Benefits Program Committee recommend that the Executive Committee approve the following plan design changes to Classic PPO, effective January 1, 2018:
 - Increase out of pocket maximum from \$1000/individual and \$3000/family to \$2000/individual and \$4000/family
 - Increase participant cost share from 0% to 10% for hospitalization facility charges
- 2) That the Employee Benefits Program Committee recommend that the Executive Committee approve a **4.5%** aggregate increase in rates in the Anthem Blue Cross Self-Funded PPO Plans, effective January 1, 2018.

Anthem HMO

That the Employee Benefits Program Committee recommend that the Executive Committee approve an **8.26%** aggregate increase in rates in the Anthem Blue Cross HMO Plans, effective January 1, 2018.

Kaiser HMO

That the Employee Benefits Program Committee recommend that the Executive Committee approve a Kaiser North rates increase of **4.64%** and a Kaiser South rate increase of **13.08%**, effective January 1, 2018.

Ancillary Plans

That the Employee Benefits Program Committee recommend to the Executive Committee that Delta Dental PPO plans, DeltaCare HMO plans, Vision plans, and Short-Term Disability plans renew with **no change** in rates, effective January 1, 2018.

2018 PPO Rate Projection

Employee # 4,443
 Projected Premium PEPM 1467.36 78,233,766

	Medical	Pharmacy	Component PEPM	Cummulative PEPM	Component Cost	Cummulative Cost
Incurring Claims (less large claims) PEPM	47,162,800 884.59	18,470,287 346.43	1,231.02	1,231.02	65,633,088	65,633,088
Trend	7.00%	12.00%				
Applied Trend factor	1.745	1.1222	1.2094			
PEPM for Trended Claims	108.05	72.54	180.60	1,411.62	9,628,614	75,261,702
Underwriting Adj	5.96	11.16	17.12	1,428.74	912,933	76,174,635
Large claim add-back	137.46		137.46	1,566.20	7,328,817	83,503,452
Margin	1.50%	23.49	23.49	1,589.69	1,252,552	84,756,004
Est Rx Savings		(27.96)	(27.96)	1,561.73	(1,490,715)	
Total Claims Costs	1,159.56	402.17	1,561.73			83,265,289
Rx Rebate		(80.19)	(80.19)			(4,275,410)
ASO fees	54.84		54.84			2,923,849
360 Health	1.00		1.00			53,316
Stop loss fee	4.36		4.36			232,458
Stop loss prem	39.72		39.72			2,117,712
Total Expected Cost	1,259.48	321.98	1,581.46			84,317,213
<i>PEPM=Per Employee Per Month</i>						
			Current Premium	1,467.36		78,233,766
			% of increase needed			7.78%
			New Premium PEPM	1,581.46		84,317,213
			New Total Cost with Option 1 - plan changes	1,553.48	(1,491,722)	82,825,491
			% of increase needed			5.87%
			New Premium PEPM	1,553.48		82,825,491

Terms:

360 Health - Includes nurse case management and member outreach for those with chronic conditions.

ASO - Administrative Services Only. The monthly fee paid to Anthem for claims processing and maintaining a network with negotiated rates.

PEPM - Per Employee Per Month. A figure calculated based on annual totals divided by primary participants divided by 12. This figure is the basis for calculations, to account for changes in the number enrolled. The figure is then adjusted to set rates for each tier based on the number of dependents.

Rx - Prescription

ACWA JPIA
2018 PPO Renewal
 June 27, 2017

PLAN	REGION	ENROLLED TOTAL	2018 TOTAL PREMIUMS		2018 RATE INCREASE	2018 STANDARD W/ADM			2018 INCENTIVE W/ADM		
						EE	EE+1	FAM	EE	EE+1	FAM
CLASIC	LA	563	10,680,704	15%	4.50%	836.61	1,704.69	2,291.67	803.55	1,636.89	2,200.40
CLASIC	OTHER-S	1,566	31,364,607	44%	4.50%	887.44	1,808.87	2,431.94	852.34	1,736.91	2,335.06
CLASIC	BAY	344	7,599,682	11%	4.50%	987.92	2,014.85	2,709.26	948.80	1,934.66	2,601.29
CLASIC	SAC	220	5,212,006	7%	4.50%	945.02	1,926.92	2,590.87	907.61	1,850.24	2,487.63
CLASIC	OTHER-N	444	9,666,329	13%	4.50%	949.51	1,936.12	2,603.25	911.92	1,859.07	2,499.52
CLASIC	Medicare	752	7,145,998	10%	4.50%	565.66	1,149.22	1,588.30	543.43	1,103.65	1,525.16
		3,889	\$ 71,669,325	100%	4.50%						

ADVANTAGE	LA	36	659,724	11%	4.50%	704.34	1,433.52	1,926.58	676.56	1,376.57	1,849.91
ADVANTAGE	OTHER-S	144	2,691,680	44%	4.50%	747.03	1,521.03	2,044.41	717.54	1,460.59	1,963.03
ADVANTAGE	BAY	14	223,746	4%	4.50%	831.43	1,694.06	2,277.36	798.57	1,626.69	2,186.66
ADVANTAGE	SAC	39	660,305	11%	4.50%	795.40	1,620.19	2,177.91	763.98	1,555.78	2,091.19
ADVANTAGE	OTHER-N	92	1,664,314	27%	4.50%	799.17	1,627.92	2,188.31	767.60	1,563.20	2,101.17
ADVANTAGE	Medicare	21	183,899	3%	4.50%	476.73	966.93	1,335.75	458.06	928.65	1,282.72
		346	\$ 6,083,668	100%							

CDHP	LA	19	336,895	9%	4.50%	671.27	1,365.73	1,835.31	644.81	1,311.49	1,762.29
CDHP	OTHER-S	42	663,976	17%	4.50%	711.93	1,449.07	1,947.53	683.84	1,391.51	1,870.02
CDHP	BAY	40	834,297	21%	4.50%	792.31	1,613.86	2,169.38	761.01	1,549.70	2,083.00
CDHP	SAC	56	1,142,899	29%	4.50%	757.99	1,543.51	2,074.67	728.07	1,482.16	1,992.08
CDHP	OTHER-N	51	965,199	24%	4.50%	761.58	1,550.87	2,084.58	731.51	1,489.23	2,001.59
CDHP	Medicare	-	-	0%	4.50%	454.50	921.35	1,272.62	436.72	884.90	1,222.11
		208	\$ 3,943,267	100%							
		4,443									

Total Projected Premium \$ 81,696,259
 Projected PEPM Prem \$ 1,532.30

Projected Annual Plan Cost \$ 82,825,491

Subsidy \$ 1,129,232

ACWA JPIA
2018 PPO Renewal
June 27, 2017

PLAN	REGION	ENROLLED TOTAL	2018 RATE INCREASE	CalPERS 2018	2018 Comparison CalPERS - Standard			2018 Comparison CalPERS - Incentive		
CLASIC	LA	563	4.50%	-5.9%	19%	21%	24%	16%	18%	20%
CLASIC	OTHER-S	1,566	4.50%	-8.6%	17%	19%	22%	14%	16%	18%
CLASIC	BAY	344	4.50%	-5.4%	11%	12%	15%	7%	9%	12%
CLASIC	SAC	220	4.50%	-1.8%	16%	17%	20%	12%	14%	17%
CLASIC	OTHER-N	444	4.50%	-5.9%	9%	10%	13%	5%	7%	10%
CLASIC	Medicare	752	4.50%	-1.9%	32%	33%	28%	30%	31%	25%
		3,889	4.50%							

ADVANTAGE	LA	36	4.50%	-2.7%	12%	13%	16%	8%	10%	13%
ADVANTAGE	OTHER-S	144	4.50%	-2.2%	6%	8%	11%	3%	4%	7%
ADVANTAGE	BAY	14	4.50%	-3.6%	4%	6%	9%	0%	2%	5%
ADVANTAGE	SAC	39	4.50%	1.7%	8%	9%	12%	4%	5%	9%
ADVANTAGE	OTHER-N	92	4.50%	-0.8%	-2%	0%	3%	-6%	-4%	-1%
ADVANTAGE	Medicare	21	4.50%	-2.2%	27%	28%	22%	24%	25%	19%
		346								

CDHP	LA	19	4.50%
CDHP	OTHER-S	42	4.50%
CDHP	BAY	40	4.50%
CDHP	SAC	56	4.50%
CDHP	OTHER-N	51	4.50%
CDHP	Medicare	-	4.50%
		208	
		4,443	

ACWA JPIA
2018 HMO Renewal
 June 27, 2017

PLAN	REGION	ENROLLED TOTAL	2018 TOTAL PREMIUMS		2018 RATE INCREASE	2018 STANDARD w/ADM			2018 INCENTIVE w/ADM		
						EE	EE+1	FAM	EE	EE+1	FAM
CalCare	LA	274	4,887,661	16%	8.26%	732.32	1,454.78	1,951.02	703.42	1,396.98	1,873.37
CalCare	OTHER-S	858	16,404,783	55%	8.26%	789.88	1,569.85	2,105.63	758.68	1,507.46	2,021.80
CalCare	BAY	21	490,265	2%	8.26%	1,047.54	2,085.20	2,884.21	1,006.03	2,002.19	2,769.23
CalCare	SAC	155	3,628,007	12%	8.26%	990.42	1,970.96	2,725.99	951.20	1,892.52	2,617.34
CalCare	OTHER-N	137	3,396,100	11%	8.26%	999.10	1,986.90	2,749.95	959.53	1,907.81	2,640.35
CalCare	Medicare	101	937,080	3%	8.26%	554.58	1,099.32	1,563.04	532.79	1,055.75	1,500.92
		1,546	\$ 29,743,896	100%	8.26%						

PLAN	REGION	ENROLLED TOTAL	2018 TOTAL PREMIUMS		2018 RATE INCREASE	2018 STANDARD w/ADM			2018 INCENTIVE w/ADM		
						EE	EE+1	FAM	EE	EE+1	FAM
Value	LA	-	-	0%	8.26%	674.53	1,339.18	1,795.72	647.94	1,286.01	1,724.29
Value	OTHER-S	15	259,977	40%	8.26%	727.48	1,445.06	1,937.97	698.78	1,387.65	1,860.85
Value	BAY	3	66,100	10%	8.26%	964.53	1,919.18	2,654.26	926.34	1,842.81	2,548.49
Value	SAC	9	244,866	38%	8.26%	911.98	1,814.08	2,508.70	875.90	1,741.91	2,408.75
Value	OTHER-N	2	58,081	9%	8.26%	919.96	1,828.73	2,530.74	883.56	1,755.98	2,429.91
Value	Medicare	2	18,041	3%	8.26%	511.00	1,012.17	1,438.79	490.96	972.08	1,381.64
		31	\$ 647,064	100%							
		1,577	\$ 30,390,960								

2017 Insured premiums	\$ 27,608,215
9% increase from Anthem applied	\$ 30,092,954
Alliant projected 2018 EGWP claims	\$ 298,006
Premiums to collect in 2018	\$ 30,390,960

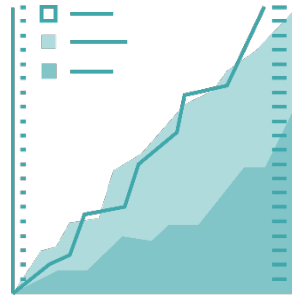
ACWA JPIA
2018 HMO Renewal
 June 27, 2017

PLAN	REGION	ENROLLED TOTAL	2018 RATE INCREASE	CalPERS 2018	CalPERS vs. JPIA Standard 2018 ABC-Trad			CalPERS vs. JPIA Incentive 2018 ABC-Trad		
CalCare	LA	274	8.26%	10.0%	-7%	-8%	-5%	-10%	-11%	-8%
CalCare	OTHER-S	858	8.26%	-8.0%	7%	6%	9%	3%	3%	6%
CalCare	BAY	21	8.26%	-6.5%	12%	11%	17%	9%	8%	15%
CalCare	SAC	155	8.26%	-18.0%	-6%	-7%	-1%	-10%	-10%	-5%
CalCare	OTHER-N	137	8.26%	-18.4%	4%	4%	10%	1%	0%	6%
CalCare	Medicare	101	8.26%	new plan	33%	33%	29%	44%	43%	35%
		1,546	8.26%							

PLAN	REGION	ENROLLED TOTAL	2018 RATE INCREASE	CalPERS 2018	CalPERS vs. JPIA Standard 2018 BS Access+			CalPERS vs. JPIA Incentive 2018 BS Access+		
Value	LA	-	8.26%	-9.3%	9%	8%	11%	6%	5%	8%
Value	OTHER-S	15	8.26%	-10.6%	4%	4%	7%	0%	0%	3%
Value	BAY	3	8.26%	-13.3%	8%	7%	13%	4%	4%	10%
Value	SAC	9	8.26%	-6.3%	12%	11%	16%	9%	8%	15%
Value	OTHER-N	2	8.26%	-6.3%	3%	2%	8%	-1%	-2%	4%
Value	Medicare	2	8.26%	2.0%	35%	35%	31%	48%	47%	39%

31

1,577



2018 Renewal Overview

- Prudent Buyer Classic PPO
- Prudent Buyer Advantage PPO
- Consumer Driven Health Plan PPO
- California Care HMO
- Value HMO

- Traditional HMO
- Traditional HMO Value
- Senior Advantage HMO
- Consumer Driven Health Plan HMO

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JPIA Overview:

Enrollment History – Detailed Medical Plan Breakout

Employee Enrollment History - Anthem Blue Cross							
Anthem Blue Cross Plans	2011	2012	2013	2014	2015	2016	2017
Prudent Buyer (PPO)							
Classic	4,552	4,369	4,342	4,177	4,067	3,894	3,840
Advantage	191	313	301	282	387	456	343
Consumer Driven Health Plan (CDHP)	2	3	0	8	96	129	206
Total PPO	4,745	4,685	4,643	4,467	4,550	4,479	4,389
% Change from Previous Year	-0.11%	-1.26%	-0.90%	-3.79%	1.86%	-1.56%	-2.01%
Anthem Blue Cross (HMO)							
California Care HMO	1,532	1,479	1,465	1,602	1,573	1,581	1,541
Value HMO				6	13	14	29
Total HMO	1,532	1,479	1,465	1,608	1,586	1,595	1,570
% Change from Previous Year	-5.55%	-3.46%	-0.95%	9.76%	-1.37%	0.57%	-1.57%
Total Anthem Plans	6,277	6,164	6,108	6,075	6,136	6,074	5,959
% Change from Previous Year	-1.49%	-1.80%	-0.91%	-0.54%	1.00%	-0.02%	-2.88%

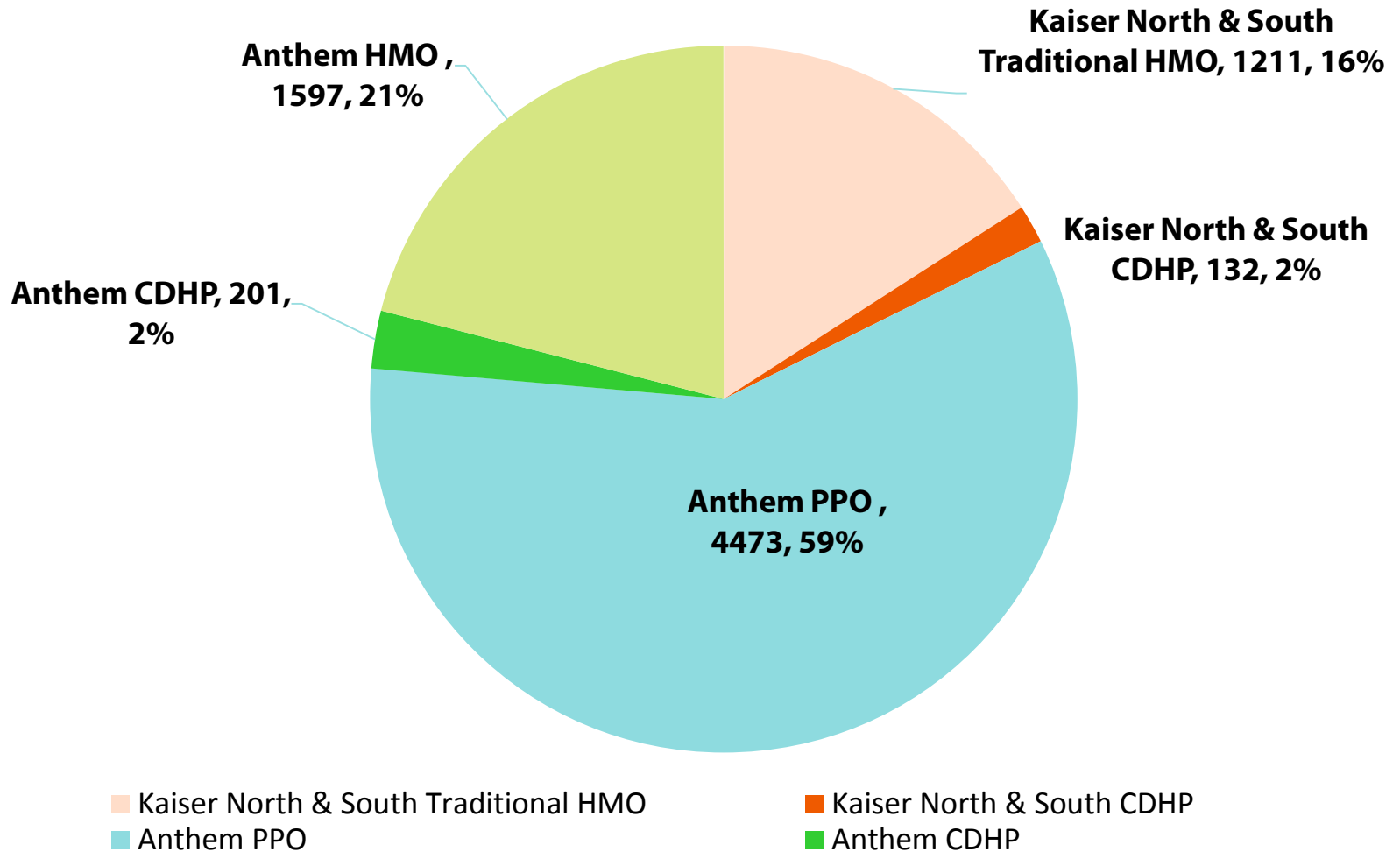
Employee Enrollment History - Kaiser							
Kaiser Plans	2011	2012	2013	2014	2015	2016	2017
Northern Region							
HMO	199	182	193	217	205	206	307
Consumer Driven Health Plan (CDHP)				11	26	39	47
Total	199	182	193	228	231	245	354
% Change from Previous Year	3.11%	-8.54%	6.04%	18.13%	1.32%	6.06%	44.49%
% of Total Kaiser Enrollment	32.31%	24.07%	23.34%	23.90%	22.67%	21.32%	26.36%
Southern Region							
HMO	417	574	634	702	724	777	876
HMO with Vision				7	15	29	26
Value				2	2	22	2
Consumer Driven Health Plan (CDHP)				15	47	76	85
Total	417	574	634	726	788	904	989
% Change from Previous Year	3.99%	37.65%	10.45%	14.51%	8.54%	14.72%	9.40%
% of Total Kaiser Enrollment	67.69%	75.93%	76.66%	76.10%	77.33%	78.68%	73.64%
Total Kaiser Plans	616	756	827	954	1,019	1,149	1,343
% Change from Previous Year	3.70%	22.73%	9.39%	15.36%	6.81%	12.76%	16.88%

Total All Medical Plans	6,893	6,920	6,935	7,029	7,155	7,223	7,302
% Change from Previous Year	-1.05%	0.39%	0.22%	1.36%	1.79%	0.95%	1.09%

Source: Enrollment provided by Anthem & Kaiser as stated in 2018 renewal packets, actual enrollment may differ

JPIA Overview:

Enrollment History – Detailed Medical Plan Breakout Pie



Source: Enrollment provided by Anthem & Kaiser as stated in 2018 renewal packets, actual enrollment may differ

2018 Renewal Financial Summary

Line of Coverage	EE's	Current 2017	Estimated 2018	Rate Guarantee	% Δ
Anthem - Self-funded - PPO Program ¹	4,389	\$79,513,219	\$85,695,041	1 Year Projection	7.77%
Anthem - Fully-insured - HMO Program ²	1,570	\$28,039,782	\$30,420,735	1 Year	8.5%
North Kaiser - Fully-insured - HMO/CDHP Program ³	989	\$456,261	\$477,314	1 Year	4.6%
South Kaiser - Fully-insured - HMO/CDHP Program ³	354	\$1,097,249	\$1,240,315	1 Year	13.04%
Delta Dental - Self-funded - PPO ⁴	8,497	\$9,914,334	\$9,914,334	1 Year Projection	0.0%
Delta Dental - Fully-insured - DHMO ⁵	158	\$90,757	\$90,757	1/1/2017-1/1/2020	0.0%
VSP - Self-insured - Vision ⁶	7,386	\$1,656,099	\$1,656,099	1 Year Projection	0.0%
The Standard - Fully-insured - Life & Disability ⁷		\$672,893	\$672,893	1 Year	0.0%
MHN - Fully-insured - EAP ⁷	2,940	\$68,835	\$68,835	1/1/2017-1/1/2019	0.0%
All Other Lines of Coverage		\$41,996,210	\$44,541,281	Vary	6.1%
TOTAL ANNUAL PREMIUM		\$121,509,429	\$130,236,322		
ANNUAL DOLLAR CHANGE			\$8,726,893		
ANNUAL PERCENTAGE CHANGE			7.2%		

¹ Self-funded medical includes: Paid Claims, Fixed Fees (Admin & Stop-loss) & Premiums Collected by JPIA; Enrollment provided by Anthem as for April 2017, actual enrollment may differ

² Fully-insured Anthem HMO premiums include EGWP Part D; Enrollment provided by Anthem Blue Cross as of March 2017, actual enrollment may differ

³ Fully-insured Kaiser HMO enrollment provided by Kaiser as of December 2017, actual enrollment may differ

⁴ Self-funded dental includes: Paid Claims, Fixed Fees (Admin) & Premiums Collected by JPIA; Enrollment provided by Delta Dental as of April 2017, actual enrollment may differ

⁵ Fully-insured Delta Care enrollment provided by Delta Dental as of March 2017, actual enrollment may differ

⁶ Self-funded vision includes: Paid Claims, Fixed Fees (Admin) & Premiums Collected by JPIA; Enrollment provided by VSP as of April 2017, actual enrollment may differ

⁷ The Standard and MHN financials are based on premiums paid by JPIA, Enrollment as of June 2017, actual enrollment may differ



2018 Self-funded Medical Projection

JPIA Overview: PPO Renewal History

20

	ACWA PPO Classic Renewal	ACWA PPO Advantage Renewal	ACWA PPO HDHP Renewal	CalPERS PERSChoice Renewal ¹
2008	4.38%	4.38%	0.96%	9.00%
2009	6.00%	6.00%	6.00%	0.00%
2010	3.27%	0.00%	0.00%	2.00%
2011 (Actual) ²	12.00%	12.00%	12.00%	9.61%
2012	2.23%	2.23%	2.23%	1.90%
2013	8.46%	8.46%	8.46%	16.22%
2014 (Actual) ³	5.70%	5.70%	5.70%	1.49%
2015 (Actual) ⁴	0.00%	0.00%	0.00%	-0.48%
2016 (Actual) ⁵	7.94%	7.94%	7.94%	11.75%
2017 (Actual) ⁶	12.00%	12.00%	12.00%	4.57%
AVERAGE	6.46%	5.86%	5.53%	6.50%

¹ CalPERS PERSChoice renewal figures represent overall statewide figure as published by CalPERS

² Underwriting called for 14.10% renewal increase, HBA Trustees made decision to implement renewal increase of 12.00%

³ Recommended increase was 9.6% to all PPO plans. Actual Increase to members shown above

⁴ Recommended increase was 4.7% to all PPO plans. Actual increase to members shown above

⁵ Recommended increase was 14.81% to all PPO plans. Actual increase to members shown above

⁶ Recommended increase was 14.09% to all PPO plans. Actual increase to members shown above

2018 Anthem PPO ASO Renewal Summary

Anthem proposes the following changes effective 1/1/2018:

Administrative Fees 2.33% Renewal Overall:

- +2.4% increase to administration fee
- +1% increase to the 360 Health program
- 0% increase to the 3rd party stop-loss fee

2018 Active Rx Rebates:

- Rx rebate offset is not being offered in 2018. The rebate estimate for 2018 is \$39.76 PEPM and assumes rebates will be provided on a quarterly pass-through to the JPIA

2018 Retiree EGWP Pharmacy Program:

- +1% increase to administration fee
- Rx rebate offset is not being offered in 2018. The rebate estimate for 2018 is \$25.82 PEPM and assumes rebates will be provided on a quarterly pass-through to the JPIA
- There are 1,420 retirees enrolled in the EGWP program as of April 2017

PPO Trend Analysis

2018 ACWA/JPIA MEDICAL RENEWAL: PPO TREND ANALYSIS			
Trend Source	Medical Trend	Rx Trend	Months of Specific Trend ₃
Anthem Book of Business Trends ¹	9.0%	8.5%	
Segal Trend Survey ²	7.5%	11.6%	
ACWA/JPIA Specific Trends	6.1%	-1.2%	12
ACWA/JPIA Specific Trends	7.6%	4.7%	24
ACWA/JPIA Specific Trends	5.2%	8.9%	36
ACWA/JPIA Specific Trends	6.2%	9.6%	48
ACWA/JPIA Specific Trends	6.5%	9.6%	60
ACWA/JPIA Specific Trends	6.2%	8.1%	80

¹ Anthem California BOB 2018 Projected Trend Levels

² 2017 Segal Trend Survey is an annual national survey of multiple carriers, which includes Anthem Blue Cross, Blue Shield, Cigna, Aetna, etc.

³ ACWA/JPIA specific trends (includes EGWP pharmacy claims)

2018 PPO Rate Projection

Anniversary Date: January 1			
Renewal Date	ALL PLANS		
Most Recent Experience Month	Medical	Pharmacy	PEPM
Current Monthly Funding (Accrual Rates) ¹			4,389
Projected Monthly Enrollment (Current Month)			4,516
Current Monthly Enrollment (12 month Avg)			
Current Funding PEPM			\$1,467.36
Incurred Claims²			
Medical - Beginning Reserves	\$57,866,246	\$18,780,030	\$1,414.45
Medical - Ending Reserves	(\$6,474,312)	(\$627,134)	(\$131.05)
Large Claim Adjustment (amts > Stoploss Removed > \$500k)	\$6,880,357	\$619,271	\$138.40
Large Claim Adjustment (amts > \$150k to \$500k Removed)	(\$3,260,242)		(\$60.17)
Benefit Design Adjustment	(\$7,078,155)		(\$130.62)
	\$0	\$0	\$0.00
Adjusted Incurred Claims	\$47,933,893	\$18,772,168	\$1,231.01
Annual Subscriber Lives	54,188	54,188	4,516
Adjusted Incurred Claims PEPM	\$884.59	\$346.43	\$1,231.01
Trend Adjustment			
Annual Trend	7.0%	12.0%	
Applied Trend Factor	1.1222	1.2093	1.1467
Trended Claims PEPM	\$992.66	\$418.94	\$1,411.60
24 Month Underwriting Adjustment			
Current 12 Trended Claims PEPM (Medical 50%, Pharmacy 80%)	\$992.66	\$418.94	\$1,411.60
Prior 12 Trended Claims PEPM (Medical 50%, Pharmacy 20%)	\$1,004.57	\$474.77	\$1,479.34
Blended Trended Claims PEPM	\$998.62	\$430.11	\$1,428.72
Estimated Rx Savings			
Internal Large Claim Layer Cost (\$150k to \$500k Stoploss)		(\$27.96)	(\$27.96)
TOTAL Projected Claims PEPM	\$1,136.07	\$402.15	\$1,538.22
Margin (Claim Fluctuation Reserve 1.5%)	\$23.49	\$0.00	\$23.49
Rx Rebate (Active & EGWP)	\$0.00	(\$80.19)	(\$80.19)
Fixed Costs (Admin, Insurance & Other)			
Base Med/Rx ASO Fee (2.4% Renewal)	\$54.84		\$54.84
360 Health (1.4% Renewal)	\$1.00		\$1.00
Anthem 3rd Party Stop-loss Fee (0% Renewal)	\$4.36		\$4.36
Stop Loss Premium (30% Estimated Renewal)	\$39.72		\$39.72
Program Fixed Costs	\$99.92	\$0.00	\$99.92
Net Required Funding	\$1,259.48	\$321.96	\$1,581.44
Net Required Funding Change			7.77%
Affordable Care Act: Patient Centered Outcome Research Institute (PCORI) Fee ESTIMATE (PCPM)			\$0.45

¹ Current composite funding rate is based premiums collected by ACWA JPIA & April 2017 enrollment

² Paid claims are for the time period indicated at the top of each column

³ Most recent enrollment as of month indicated

⁴ Incurred pharmacy claims include EGWP claims

Projections are estimates and not guaranteed



2018 Program Initiatives for Consideration

2018 Considerations – Self-funded PPO Plan Benefit Options – A 'la Cart Menu

Self-funded PPO Plan Benefit Options A 'la Cart Menu								
	Change To:	Estimated Claim Impact	Estimated 2018 Annual Savings to Claims	Option 1	Option 2	Option 3	Option 4	Overall Program Impact
Out-of-Pocket Maximum \$1,000/ \$3,000	Out-of-Pocket Maximum \$2,000/ \$4,000	2.44%	(\$1,221,410)	x	x	x	x	-1.4%
Inpatient Facility Charges No Charge	Inpatient Facility Charges 10%	0.54%	(\$270,312)	x	x	x	x	-0.3%
PPO Pharmacy								
Anthem ESI Non-Tiered	Anthem ESI Tiered	0.88%	(\$191,603)		x			-0.2%
Anthem ESI National Formulary	ESI Direct	0.46%	(\$100,000)			x		-0.1%
Anthem ESI National Formulary	MedImpact Direct	4.01%	(\$873,000)				x	-1.0%

Note: Savings impacts shown above apply to medical and pharmacy claims only and do not translate to savings to funding rates

Pharmacy Benefits Manager – ESI Direct Commercial (**Non-Medicare**) Disruption

26



Association California Water Authorities

Formulary Disruption Summary

Date Range: 09/01/2016 - 12/31/2016

Change	All Brand Rx's	Rx Count	% Impact	Unique Utilizers	% Member Impact
Positive	MOVING TO FORMULARY	446	1.7%	275	2.9%
Negative	MOVING TO NON-FORMULARY	129	0.5%	82	0.9%
Negative	MOVING TO EXCLUDE	213	0.8%	136	1.4%

* Analysis based on ESI 2017 National Preferred Formulary as of the current month compared against Prospect Data.

* Current formulary status provided by Prospect.

* Brand drugs subject to patent expiration through Prospect's effective date are treated as GENERICS.

** Total brand and generic utilization 26,361

*** Total membership during date range 9,500

*** Total Unique Utilizers during date range 5,289

Note: ESI only analyzed four months of claims for this analysis and has yet to provide EGWP disruption.

Pharmacy Benefits Manager – ESI Direct EGWP (Medicare) Disruption

27



Association California Water Authorities

Formulary Impact by Tier

Date Range: 09/01/2016 - 12/31/2016

All Rx's

Current Formulary	ESI Formulary Tier	Rxcount	Disruption Level
Formulary	1	11,313	NEUTRAL
Formulary	2	1,550	NEUTRAL
Formulary	3	564	NEGATIVE
Formulary	x-Always B	5	xCMS Mandate
Formulary	x-BvsD PA	162	xCMS Mandate
Formulary	x-OTC	60	xOTC
Non-Formulary	1	3	POSITIVE

* Analysis based on ESI 2017 Medicare Premier Access 3T Open Formulary as of 07/2017 compared against Prospect Data.

* Current formulary status provided by Prospect.

** Patient Identifier not provided by Prospect.

Note: ESI only analyzed four months of claims for this analysis and has yet to provide EGWP disruption.

Pharmacy Benefits Manager – MedImpact Commercial (**Non-Medicare**) Disruption

28

- 2.6% of claims (2,160) would be negatively disrupted due to vendor change
 - 1.4% of the negative disruption (1,170 claims) is due to drug exclusions
 - 1.2% of claims would be disrupted due to formulary changes
- 1.7% of claims (1,383) would be positively impacted due to vendor change

Change	Client Formulary Status	MI Formulary Status	Disruption Level	# RXs Impacted	% Total RX	# Members Impacted
CLIENT CLAIMS						
None	Y	Y	No Change	74,871	94.4%	6714
None	N	N	No Change	888	1.1%	313
Positive	N	Y	Non-Preferred Drug to Preferred drug	1,383	1.7%	432
Negative	Y	N	Preferred Drug to Non-Preferred drug	990	1.2%	387
Negative	Y	X	Preferred Drug to NP Excluded drug	826	1.0%	264
Negative	N	X	Non-Preferred Drug to Excluded drug	344	0.4%	132
TOTAL				79,302		
Not Analyzed *				237		

Notes:

- Not Analyzed = Compound, duplicate, obsolete, bad NDCs, Non-Drug Items, Vaccines, Smoking Cessation, Fertility
- Member impact counts should not be summed as counts are row-specific

Pharmacy Benefits Manager – MedImpact

EGWP (Medicare) Disruption

29

- 7.3% of claims (2,901) would be negatively disrupted due to vendor change
 - 6.3% of the negative disruption (2,500 claims) is due to drug exclusions
 - 1.0% of claims would be disrupted due to formulary changes
- 0.8% of claims (309) would be positively impacted due to vendor change

Change	Client Formulary Status	MI Formulary Status	Disruption Level	# RXs Impacted	% Total RX	# Members Impacted
CLIENT CLAIMS						
None	Y	Y	No Change	36,765	92.0%	1,353
Positive	N	Y	Non-Preferred Drug to Preferred drug	309	0.8%	86
Negative	Y	N	Preferred Drug to Non-Preferred drug	401	1.0%	104
Negative	Y	X	Preferred Drug to NP Excluded drug	2,500	6.3%	423
TOTAL				39,975		
Not Analyzed *				1,137		

Notes:

- Not Analyzed = Compound, duplicate, obsolete, bad NDCs, Non-Drug Items, Vaccines, Smoking Cessation, Fertility, Durable Medical, Iron Replacement, Vitamin Prep, Syringes
- Member impact counts should not be summed as counts are row-specific

ACWA JPIA
HMO Plan Pricing
June 27, 2017

BACKGROUND

Employee Benefit plans renew January 1, 2018. This will be the sixth Employee Benefits renewal for the JPIA. Preliminary benefit plan design options were presented and discussed at the April 2017 Employee Benefits Committee meeting. Staff was directed to further explore several plan design options on the PPO plans, but none were determined to be appropriate for the Anthem HMO or Kaiser HMO plan renewal.

CURRENT SITUATION

Staff met with Alliant Insurance Services, Inc. to discuss the JPIA plans' utilization, current trends in pricing, and benefit plan design options. A summary of that information is presented in the following pages. Pricing options for 2018 will be presented and discussed at the Employee Benefits Program Committee meeting.

As pass through insured products, the rates set by the carriers are typically the rates charged to the members.

RECOMMENDATION

- 1) That the Employee Benefits Program Committee recommend to the Executive Committee approve an **8.26%** aggregate increase in rates in the Anthem Blue Cross HMO Plans, effective January 1, 2018.
- 2) That the Employee Benefits Program Committee recommend to the Executive Committee that Kaiser North rates increase **4.64%** and Kaiser South rates increase **13.08%**, effective January 1, 2018.



2018 Anthem Fully-insured Medical Renewal

Anthem Blue Cross – HMO Rate History

Year	ACWA JPIA HMO Renewal	CalPERS HMO Renewal ¹
2008	9.1%	10.1%
2009	10.6%	5.2%
2010	8.0%	3.0%
2011	18.7%	16.2%
2012 ²	-4.0%	3.5%
2013	8.0%	8.7%
2014	5.6%	-3.0%
2015	5.5%	9.6%
2016	-5.0%	6.9%
2017 *	12.0%	16.0%
2018 *	8.5%	-7.5%
AVERAGE	7.61%	6.86%

1 CalPERS Blue Shield Access HMO figures represent statewide renewals as published by CalPERS, other less expensive HMO plans are available

2 Anthem HMO renewal was -4.02%, committee approved 0% renewal to members to build up a stabilization fund to buy down future increases

* Renewal includes Anthem fully-insured medical renewal + Self-funded Rx EGWP program

2018 Anthem HMO Renewal Summary

- Initial Anthem fully-insured HMO renewal (excluding EGWP) was 12.28%, Alliant was able to negotiate a 9%
- 2018 renewal including self-funded EGWP Part D is **8.5%**
- Renewal Highlights:
 - The experience period used for the renewal calculation is from April 2016 to March 31, 2017
 - ACWA JPIA is 100% credible making the renewal rating solely based on JPIA's specific claims experience, trend and demographics
 - Anthem Prescription drug benefit annual base trend is 13.44%, which is lower than last year's at 14.72%
 - ACA Fees make up 3.38% of Premium

Current Premium	Original Renewal	Negotiated Renewal
\$27,635,531	\$31,028,389	\$30,122,729
Estimated Annual Savings: \$905,660		

2018 Anthem HMO Renewal Calculation

ACWA JPIA		
SUMMARY OF 2018 BLUE CROSS HMO RENEWAL CALCULATION		
	PEPM	TOTAL DOLLARS
Estimated Medical HMO Enrollment	1,570	18,840
PROJECTED CLAIM & CAPITATION COSTS		
Fee for Service Claims	\$795.77	\$14,992,324
Fixed Fees to Providers (Capitation)	\$558.52	\$10,522,451
EGWP Part D	\$15.82	\$298,006
Projected Claim and Capitation Subtotal	\$1,370.11	\$25,812,781
FIXED COSTS		
Retention (Administration Charges)	\$167.80	\$3,161,288
Large Claims Charge	\$69.19	\$1,303,566
Fixed Cost Subtotal	\$236.99	\$4,464,854
RENEWAL PREMIUM (Original)	\$1,607.09	\$30,277,635
ACA FEES	\$55.67	\$1,048,760
TOTAL	\$1,662.76	\$31,326,395
CURRENT ANTHEM PREMIUM	\$1,466.85	\$27,635,531
EGWP Part D Adjustment	\$21.46	\$404,251
TOTAL	\$1,488.31	\$28,039,782
% CHANGE FROM CURRENT (Original)	11.7%	11.7%
RENEWAL PREMIUM (Alliant Negotiated)	\$1,598.87	\$30,122,729
RENEWAL PART D EGWP	\$15.82	\$298,006
TOTAL	\$1,614.69	\$30,420,735
ESTIMATED ANNUAL SAVINGS		\$905,660
% CHANGE FROM CURRENT (Negotiated)	8.5%	8.5%



2018 Kaiser Fully-insured Medical Renewal

Kaiser Renewal & Enrollment History

Kaiser Renewal Rate History							
Region	2012	2013	2014*	2015	2016	2017	2018
North	7.9%	4.1% - 4.4%	5.1%	-2.9%	6.3%	2.4%	4.6%
South	0.0%	1.2%	17.9%	-1.7%	2.1%	5.96%	13.0%

*Chiropractic Services added in 2014

Employee Enrollment History - Kaiser							
Kaiser Plans	2011	2012	2013	2014	2015	2016	2017
Northern Region							
HMO	199	182	193	217	205	206	307
Consumer Driven Health Plan (CDHP)				11	26	39	47
Total	199	182	193	228	231	245	354
% Change from Previous Year	3.11%	-8.54%	6.04%	18.13%	1.32%	6.06%	44.49%
% of Total Kaiser Enrollment	32.31%	24.07%	23.34%	23.90%	22.67%	21.32%	26.36%
Southern Region							
HMO	417	574	634	702	724	777	876
HMO with Vision				7	15	29	26
Value				2	2	22	2
Consumer Driven Health Plan (CDHP)				15	47	76	85
Total	417	574	634	726	788	904	989
% Change from Previous Year	3.99%	37.65%	10.45%	14.51%	8.54%	14.72%	9.40%
% of Total Kaiser Enrollment	67.69%	75.93%	76.66%	76.10%	77.33%	78.68%	73.64%
Total Kaiser Plans	616	756	827	954	1,019	1,149	1,343
% Change from Previous Year	3.70%	22.73%	9.39%	15.36%	6.81%	12.76%	16.88%

Source: Kaiser renewal packet, enrollment as of 12/31/16

2018 Kaiser Renewal Summary South & North

Effective 1/1/2018 Southern CA Kaiser plans renew as follows:

- 13% increase
- Affordable Care Act Fees make up less than 1% of the renewal is attributed to ACA fees:
- There are no major mandatory changes to the Kaiser plans in 2018, please see benefit change handout for full details

Effective 1/1/2018 Northern CA Kaiser plans renew as follows:

- 4.64% increase
- Affordable Care Act Fees make up less than 1% of the renewal is attributed to ACA fees:
- There are no major mandatory changes to the Kaiser plans in 2018, please see benefit change handout for full details

ACWA JPIA
Ancillary Plan Pricing
June 27, 2017

BACKGROUND

Employee Benefit plans renew January 1, 2018. This will be the sixth Employee Benefits renewal for the JPIA.

- The **Dental PPO** plans are self-funded and comprise most of the dental enrollment.
- The **Dental HMO** plan is fully insured.
- The **Vision** plans became self-funded in 2015.
- The Standard Life and Disability plans are fully insured.
 - Life and Long Term Disability are in a multi-year rate guarantee.
 - **Short Term Disability** is due for renewal.

CURRENT SITUATION

Staff met with Alliant Insurance Services, Inc. to discuss the JPIA plans' utilization and current trends in pricing. Plan and pricing information are reflected in the following pages.

RECOMMENDATION

That the Employee Benefits Program Committee recommend to the Executive Committee that Delta Dental PPO plans, DeltaCare HMO plans, Vision plans, and Short-Term Disability plans renew with **no change** in rates, effective January 1, 2018.



2018 Ancillary Renewals

Dental Enrollment and Rate History

Year	Dental PPO	Dental DHMO
2011	4.2%	0%
2012	4.2%	0%
2013	2.0%	0%
2014	0.0%	0%
2015 ¹	-5.0%	0%
2016 ²	-2.7%	0%
2017	0.0%	0%
2018 ³	0.0%	0%
Average	0.3%	0.0%

¹ 2015 - Alliant Recommended a 2.9% decrease, ACWAJPIA members received a 5% decrease

² 2016 - Alliant Recommended a 2.9 decrease, ACWAJPIA members received a 2.74% decrease

³ 2018 - Not yet confirmed by ACWAJPIA

ACWAJPIA - Enrollment History							
Enrollment History	2011	2012	2013	2014	2015	2016	2017
Dental PPO	9,722	9,627	8,233	7,877	7,982	8,239	8,497
% Change	1.2%	-1.0%	-14.5%	-4.3%	1.3%	3.2%	3.1%
DeltaCare	214	200	158	138	149	165	158
% Change	-7.0%	-6.5%	-21.0%	-12.7%	8.0%	10.7%	-4.2%
Total	9,936	9,827	8,391	8,015	8,131	8,404	8,655
% Change	1.0%	-1.1%	-14.6%	-4.5%	1.4%	3.4%	3.0%

*Data through April 2017

2018 Dental ASO Renewal & Projection Overview

Delta Dental DHMO Plan:

Delta Dental is proposing a rate pass with a guarantee through 12/31/2019

Delta Dental ASO DPO Plans:

Delta Dental is proposing a rate reduction in ASO fees from 9.2% of claims to 8.95% of claims with a guarantee through 12/31/2019

PPO Rate Projections:

- Status Quo: Using 2018 renewal ASO fee, Alliant's underwriting calculation suggests a 0.14% decrease to the current PPO funding rates

2018 Dental Renewal Projection

ACWA JPIA		
PPO UNDERWRITING FORECAST		
Proposed Effective Date	January 1, 2018	
Proposed Contract Duration (Months)	12	
Most Recent Month of Data ³	May 2017	
Period		Dental (Self-funded)
Beginning Date (Historical Data)	May 1, 2014	Period 1
End Date (Historical Data)	May 1, 2015	Period 2
Months of Data	12	May 1, 2016
		May 1, 2017
		12
Current Premium / Funding Rate PEPM¹		\$98.64
<u>Paid Claims²</u>		
Beginning IBNR Reserve	(\$1,034,101)	(\$1,059,953)
Ending IBNR Reserve	\$1,059,953	\$1,072,818
Incurred Claims	\$8,505,479	\$8,595,411
Historical Benefit Design Adjustment Factor	1.000	1.000
Adjusted Incurred Claims	\$8,505,479	\$8,595,411
Annual Subscriber Lives	97,384	100,511
Adjusted Incurred Claims PEPM	\$87.34	\$85.52
Annual Trend	2.5%	2.5%
Applied Trend Factor	1.095	1.042
Trended Claims PEPM	\$95.62	\$89.11
Network Change Adjustment Factor	1.000	1.000
Projected Claims PEPM	\$95.62	\$89.11
Period Blending Weight	20.0%	80.0%
Blended Projected Claims		\$90.41
Margin Adjustment⁵	0.00%	\$0.00
<u>Fixed Costs</u>		
Delta Dental Admin Fee + Broker Commission	8.95%	\$8.09
Total Fixed Costs		\$8.09
Net Required Funding PEPM		\$98.50
Required Funding Change Percentage		-0.14%

¹ Current composite funding rate is based premiums collected by ACWA JPIA & April 2017 enrollment

² Paid claims are for the time period indicated at the top of each column

³ Most recent enrollment as of month indicated

Projections are estimates and not guaranteed

Vision Enrollment and Rate History

Year	Vision
2011	0.0%
2012	0.0%
2013	0.0%
2014	0.0%
2015 ¹	0.0%
2016	0.0%
2017	0.0%
2018 ²	0.0%
Average	0.0%

¹ Moved from fully-insured to self-funded

² 2018 - Not yet confirmed by ACWAJPIA

ACWAJPIA - Enrollment History							
Year	2011	2012	2013	2014	2015	2016	2017 ¹
Employees	7,686	7,639	7,584	7,188	7,309	7,274	7,386
% Change	0.0%	-0.6%	-0.7%	-5.2%	1.7%	-0.5%	1.5%

¹ 2017 enrollment as of April 2017

2018 Vision ASO Renewal & Projection Overview

VSP ASO:

- Self-funded VSP ASO fee is \$1.98 PEPM and remains in rate guarantee through January 1, 2019.

Vision Rate Projections:

- Using the current ASO fee, Alliant's underwriting calculation suggests a 4.2% decrease to the current Vision funding rates.

2018 Self-funded Vision Projection

ACWA JPIA		
Self-Funded Vision Projection: 12 Months		
Renewal Date	January 1, 2018	<u>Vision (Self Funded)</u>
Most Recent Experience Through	May 1, 2017	
Current Paid Premium		7,386
Current Monthly Enrollment (January 2017)		
Current Paid Premium (Per Employee Per Month)		\$18.69
<u>Paid Claims</u>		\$1,304,769.10
Beginning IBNR Reserve		(\$113,718.08)
Ending IBNR Reserve		\$108,730.76
Adjusted Incurred Claims		\$1,299,781.78
Average Monthly Subscriber Lives		7,359
Adjusted Incurred Claims PEPM		\$14.72
Incurred Claim Loss Ratio		78.8%
Trend Adjustment		
Annual Trend (per VSP Underwriting)		3.0%
Applied Trend Factor		1.0505
Trended Claims PEPM		\$15.46
Plan Change Adjustment Factor		0.0%
Projected Claims PEPM		\$15.46
Projected Annual Enrollment		88,632
Adjusted Projected Claims		\$15.46
Margin Adjustment	3.0%	\$0.46
<u>Program Fixed Costs</u>		
VSP Self Funded ASO Fee PEPM		\$1.98
Total Fixed Costs		\$2.44
Net Required Funding		\$17.91
% Change from Current		-4.2%

¹ Premium figures provided by ACWA JPIA

² Monthly Enrollment & Paid Claims provided by VSP

³ VSP Administration Fee is guaranteed through 12/31/2018

Projections are estimates and not guaranteed

2018 – Short Term Disability Renewal

Short Term Disability:

The Standard is proposing a rate pass with a guarantee through 12/31/2018. This will bring the STD inline with all other renewals. Basic Life AD&D, Supplemental Life & Long Term Disability all renewal again 1/1/2019.

ACWA JPIA
Employee Benefits Update
June 27, 2017

BACKGROUND

Staff would like to bring the Committee up to date regarding the following topics.

CURRENT SITUATION

Tiered pharmacy benefit plan design, is not being recommended by staff due to confusion that may be caused as members utilize the plan, complications to communicating benefit plan design, and comparably low savings (0.2%) when compared with other options presented.

The prescription formulary change, which narrows the list of covered prescriptions and changes the tier at which certain prescriptions are covered, is not being recommended by staff due to an analysis showing 40% of participants would be negatively impacted.

Carrum Health currently has one participant in the final stages of scheduling a surgery utilizing the program. Staff is working with Alliant, Anthem, and Carrum Health to increase participation in the program.

Tom Sher will update the Committee regarding pending California single payer legislation and the US Senate's health care bill.

RECOMMENDATION

None, informational only.

ACWA JPIA
Castlight Update
June 27, 2017

BACKGROUND

The JPIA entered into a three year contract with Castlight Health on September 1, 2015. Castlight Health allows participants in the Anthem PPO plans, including Classic, Advantage, and CDHP, access pricing for medical services and prescriptions using the internet or a cellular phone app.

CURRENT SITUATION

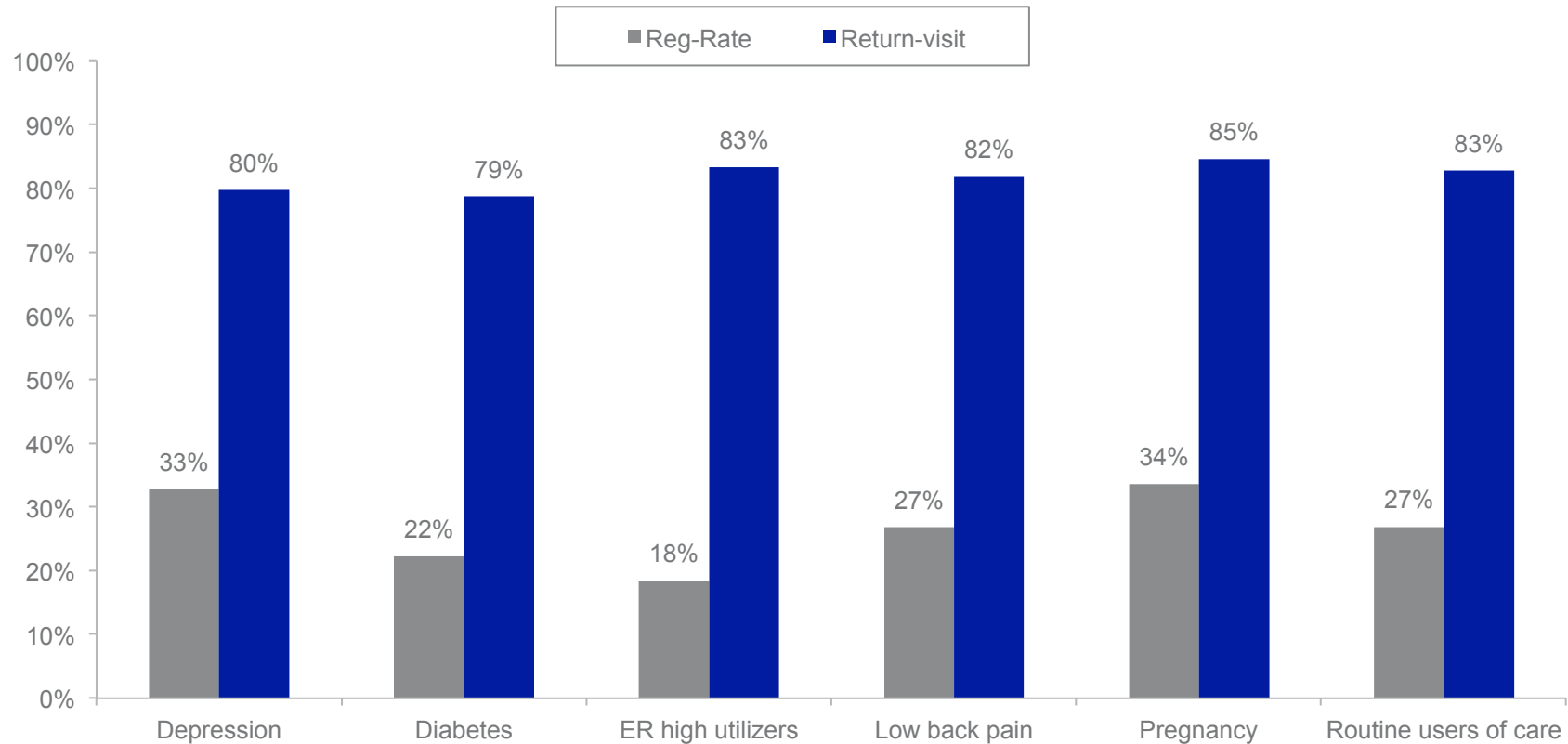
Feedback from participants has been mixed. Some participants regularly use the app, gain Rewards, and make healthcare decisions based on the information. Some participants are unhappy with the level of accuracy and the level of detail available through the app. Results of a recent meeting with Castlight to review estimated savings since the program began are included in the packet.

RECOMMENDATION

None, informational only.

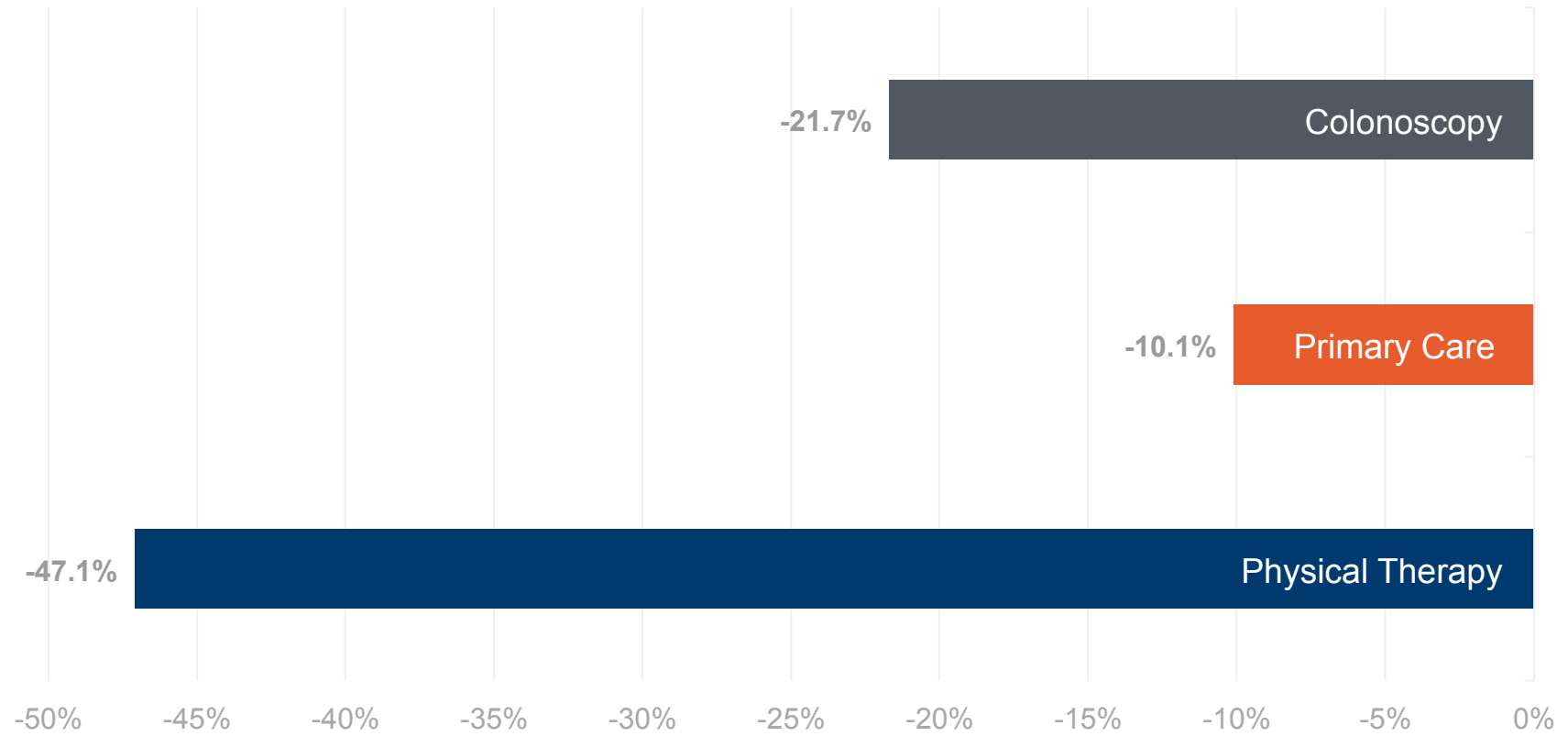
USERS IN KEY SEGMENTS ARE MORE ENGAGED

Registration and return rates of key segments in ACWA JPIA



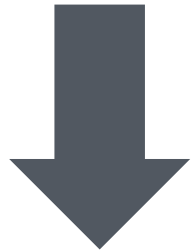
CASTLIGHT SEARCHERS PAY LESS THAN NON-SEARCHERS

PRICES PAID PER SERVICE, COMPARED TO MEMBERS WHO DID NOT SEARCH



COST AVOIDANCE SUMMARY – ANNUALIZED FOR 2016

2.6%



Lower trend in overall
medical spend for
Castlight users

\$264,981

Cost Avoidance

\$311,776

Total Year 1 Fees

ACWA JPIA
Wellness Grant Update
June 27, 2017

BACKGROUND

Anthem Blue Cross has provided \$75,000 to ACWA JPIA to promote wellness each year since 2015. To date, 59 members have received Wellness Grants.

CURRENT SITUATION

Wellness Grant applications for 2017 are now available and due June 30, 2017. Interest in the program is great, and staff expects a high level of participation again this year.

RECOMMENDATION

None, informational only.

2017 Wellness Grants

\$75,000 available to members offering JPIA medical plans



Applications accepted June 5 – June 30, 2017

Increasing employee wellness has many benefits:

- Increased productivity
- Reduced occurrence of work related injury
- Improved morale
- Improved attendance
- In the long term – reduced medical claims, which lead to premium savings

JPIA awarded over \$100,000 in Wellness Grants throughout 2015 and 2016.

Visit www.acwajpia.com or email sofferman@acwajpia.com for more information.



Prior Wellness Grant Winners:

ACWA

Alta Irrigation District
American River Flood Control District
Antelope Valley East Kern Water Agency
Big Bear Municipal Water District
Byron-Bethony Irrigation District
Centerville Community Services District
Chino Basin Water Conservation District
City of Blue Lake
Contra Costa Water District
Cucamonga Valley Water District
East Orange County Water District
East Bay Municipal Water District
El Toro Water District
Elsinore Valley Municipal Water District
Exeter Irrigation District
Fair Oaks Water District
Fallbrook Public Utility District
Fresno Metropolitan Flood Control District
Georgetown Divide Public Utility District
Goleta Water District
Helix Water District
Indian Wells Valley Water District
Ivanhoe Irrigation District
Kern Tulare Water District
La Puente Valley County Water District
Las Virgenes Municipal Water District
Madera Irrigation District
Mid-Peninsula Water District
North Delta Water Agency

Olivenhain Municipal Water District
Orange County Water District
Palmdale Water District
Quartz Hill Water District
Rancho California Water District
San Bernardino Valley WCD
San Francisquito Creek JPA
San Gabriel Basin Water Quality Agency
San Luis & Delta Mendota Water Agency
Santa Margarita Water District
Scotts Valley Water District
South Coast Water District
South San Joaquin Irrigation District
Stockton East Water District
Three Valleys Municipal Water District
Tulare Irrigation District
Tulare Lake Basin Water Storage District
Upper San Gabriel Valley MWD
Vallecitos Water District
Valley Center Municipal Water District
Vista Irrigation District
Walnut Valley Water District
West Basin Municipal Water District
West Valley Water District
Western Municipal Water District
Wheeler Ridge-Maricopa WSD
Yolo County FC & WCD
Yorba Linda Water District
Yuima Municipal Water District



JPIA MEETING & CONFERENCE CALENDAR – 2017

MEETING DATES	BOARD OF DIRECTORS	EXECUTIVE	PERSONNEL	FINANCE & AUDIT	PROGRAMS				RISK MGMT
					Emp. Benefits	Liability	Property	Work Comp	
FEB 7		8:30 AM							
FEB 28				1:00 PM					
MAR 20				1:00 PM				3:00 PM	
MAR 21		8:30 AM							
APR 4					1:00 PM	9:00 AM			
MAY 8	1:30 PM	10:15 AM							8:30 AM
MAY 9	ACWA CONFERENCE MAY 9 TO 12 – MONTEREY								
MAY 31		9:30 AM							
JUN 27		1:00 PM			9:00 AM				
JUL 20			11:00 AM ONTARIO						
AUG 29			10:00 AM	1:00 PM		3:00 PM			
AUG 30		8:30 AM							
SEP 12	CAJPA CONFERENCE SEPTEMBER 12 TO 15 – SOUTH LAKE TAHOE CA								
OCT 31		11:00 AM	9:00 AM						
Nov 27 ANAHEIM	1:30 PM	10:15 AM							
Nov 28	ACWA CONFERENCE NOVEMBER 28 TO DECEMBER 1 – ANAHEIM								

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
JPIA CLOSED	2/16	20			29		4		4		23/24	25/26
MGR MEETINGS	6	3	3	7	1	5	10	21	4	2	6	4
STAFF Q&A	11	8	8	12	18	14	12	9	6	11	15	7
RM @ JPIA		8-9		12-13		14-15		8-9		11-12		7-8