



Approved 7.22.20

Employee Benefits Program Committee Meeting

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

June 24, 2019

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 – 26 Avenue A, Seaside, OR
- Dosier – 18700 Ward St., Fountain Valley, CA

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 (via WebEx)
Karen Gish, Amador Water Agency
Ken Groom, Fresno Metropolitan Flood Control District
Nancy Hussmann, South Tahoe Public Utility District
James Linthicum, Three Valleys Municipal Water District
Sandy Olson, Walnut Valley Water District

MEMBERS ABSENT

None.

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
Jackie Rech, Employee Benefits Account Manager
Sandra Smith, Employee Benefits Manager
Daniel Steele, Lead Accountant
Michelle Stites, Benefits Administrator II (recording secretary)
Dianna Sutton, Finance Manager
Karen Thesing, Director of Insurance Services
Bobbette Wells, Executive Assistant to the CEO

OTHERS IN ATTENDANCE

Fred Bockmiller, Mesa Water District
Thomas A. Cuquet, South Sutter Water District
David A. Drake, Rincon Del Diablo Municipal Water District
EG “Jerry” Gladbach, Santa Clarita Valley Water District
Brent Hastey, Yuba Water Agency
Kim Miller, Alliant (via WebEx)
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 9:01 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.

EVACUATION PROCEDURES

Mr. Sells reminded attendees of the evacuation procedures for exiting the building in case of an emergency.

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 and everyone introduced themselves. Chairman Rupp thanked the newest members of the Employee Benefits Program Committee, Ken Groom, Fresno Metropolitan Water District, and Nancy Hussmann, South Tahoe Public Utility District.

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 minutes of the July 9, 2018 meeting.

M/S/C (McDonald/Olson) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee approve the minutes of the July 9, 2018 meeting as presented.

MEETINGS ATTENDED ON BEHALF OF JPIA

None reported.

PROGRAM HISTORY AND CURRENT STATUS

Ms. Smith summarized previous changes to Employee Benefits plans over the last several years. Most notably, the change of Pharmacy Benefit Manager (PBM) for Anthem PPO and Anthem Medicare plans, from Express Scripts to MedImpact. This change is projected to provide savings of \$3.2 million per year. The committee thanked staff for handling all of the extra work caused by the switch to the new PBM.

Ms. Smith reviewed medical plan enrollment from 2013 to present. She stated enrollment has been very stable. Medical enrollment growth has been slow but consistent, with the Kaiser population growing at a faster pace than the Anthem PPO and HMO plans.

JPIA ADMINISTRATIVE FEES

Mr. Sells told the committee that since the JPIA began administering Employee Benefits plans in July 1, 2012, the Administrative Fees have not changed. Current Administrative Fees per employee per month per plan were set by ACWA HBA in 2011.

Administrative Fees are used to fund operating expenses of the JPIA Employee Benefits Department and related staff, with any differences being made up through the Reserve Fund.

In an effort to account for operating expenses accurately across all Employee Benefits Plans, and to increase accuracy and transparency in pricing, staff recommended adoption of the following Administrative Fees, per employee per month: Medical \$17.00, Dental \$4.50, Vision \$2.00, Life \$2.00, and EAP \$0.60.

M/S/C (Linthicum/Gish) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve an increase in JPIA Administrative Fees per plan, as presented in the packet, effective January 1, 2020.

2020 PRICING AND PLAN OPTIONS FOR SELF-FUNDED ANTHEM PPO MEDICAL PLANS

Ms. Smith told the Committee that the JPIA PPO plans' medical and pharmacy trends for the last several years have been lower than market benchmarks, due in part to plan design changes that have been made. When looking at the last 12, 24, 36, 48 months, medical trend figures are lower than Alliant's book of businesses.

Ms. Smith reviewed MedImpact Clinical Programs currently in place, and reviewed the proposed RxGuide clinical program. RxGuide supports members taking multiple medications for multiple chronic illnesses. The program is projected to cost \$10,620 per year.

Ms. Smith presented information about Anthem's Site of Care Specialty Program. This program focuses on steering patients receiving medication toward a more cost effective setting, when medically appropriate. Projected costs are \$31,079 per year.

Ms. Smith reviewed the Carrum Health optional surgery benefit program for PPO participants. Carrum negotiates bundled pricing with thoroughly vetted high-quality surgeons. JPIA passes on the savings by offering the surgeries at no cost to PPO participants. Significant outreach has been made by staff to promote the program to participants. In 2018, 12% of participants eligible for a surgery through Carrum utilized the program, compared to 5% in 2017. Feedback from participants who have used Carrum for a surgery has been overwhelmingly positive. Return on investment has been \$1.70:\$1.00.

Mr. Sells then reviewed the pricing of the PPO plan. In the pricing recommendation, the Advantage PPO plan reflected a 2% increase, resulting in a 14% decrease below Classic PPO pricing rather than 16%. Additionally, rates for Employee plus one dependent enrollment tier were adjusted to be 2.00 times the rate for the Employee only enrollment tier. The aggregate premiums for the PPO plans were recommended to renew with no change for January 1, 2020, with some variation between plans and tiers.

M/S/C (Groom/Boatmun) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve **no increase** to aggregate premiums for the Anthem Blue Cross self-funded PPO plans, which shall include RxGuide, Site of Care, Carrum Health, effective January 1, 2020.

2020 PRICING FOR THE INSURED ANTHEM HMO MEDICAL PLANS

Ms. Smith moved to the HMO renewal plans. The HMO plans are fully insured, with rates set by Anthem. However, pharmacy claims for retirees with Medicare are carved out and self-funded using an Employer Group Waiver Plan (EGWP). EGWPs receive reimbursement for a portion of prescription costs from Medicare Part D.

Anthem provided a rate increase of 5.64% for the insured portion of the plan. Final pricing developed and recommended by staff yields an 8.21% aggregate increase. This is due to higher than expected EGWP costs in 2019, along with the recommended increase in JPIA Administrative Fees.

Mr. Sells noted adjustments to the family tier were made to provide consistency between regions. The recommended HMO pricing reflected a 2.00 rate multiplier for employee plus one dependent and a 2.65 rate multiplier for family rates in all regions, which is the same as recommended in the PPO pricing.

M/S/C (Gish/Linthicum) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve an aggregate increase of **8.21%** for the Anthem Blue Cross HMO plans, effective January 1, 2020.

PRICING FOR THE INSURED KAISER MEDICAL PLANS

Ms. Smith presented to the Committee that the Kaiser plans are fully insured, with Northern and Southern California rates set by Kaiser. In 2019, the Executive Committee approved blending the rate of change for Kaiser North and Kaiser South to provide stability, while maintaining the regional pricing differences between Northern and Southern California.

Ms. Smith noted that blending the rate of change was more favorable to the North in 2019 and will be more favorable to the South in 2020. Rating all regions together is resulting in stability for the pool.

The insured Kaiser 2020 renewal for both regions reflects a 1.69% increase. With the increase to Administrative Fees, this results in a 2.24% rate increase in the proposed pricing.

M/S/C (McDonald/Hussmann) (Boatmun-Yes; Dosier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve a rate increase of **2.24%** for the Kaiser plans, effective January 1, 2020.

2020 PRICING FOR THE ANCILLARY PLANS

Ms. Smith presented information on pricing for Ancillary plans. Delta Dental PPO and VSP plans are self-funded. These plans continue to perform well, with a small but consistent surplus. There are no changes to the carriers' administrative fees for claims processing and network access for 2020.

Staff recommended absorbing the increase in recommended JPIA Administrative Fees for the self-funded plans, providing **no change** in rates for the Dental PPOs and VSP plans.

Delta Care HMO, Standard Life, Standard Disability, and MHN Employee Assistance Program (EAP) are fully insured plans, which will renew with no change in rates charged by the carriers in 2020.

Staff recommended increasing rates for these fully insured programs to cover the cost of premiums paid to the carriers plus the Administrative Fees proposed.

The increase for DeltaCare HMO would become \$2.26 Per Employee Per Month (PEPM), or **5.24%** from \$43.10 to \$45.36 PEPM. Standard Life increase of \$1.00 PEPM for, or **9.41%** from \$10.63 to \$11.63 PEPM. And MHN EAP increase of \$0.22 PEPM, or **9.44%** from \$2.33 to \$2.55 PEPM.

Ms. Smith noted that Standard Disability premiums are billed monthly to each district directly from the Standard, without an Administrative Fee from JPIA.

M/S/C (Hussmann/Gish) (Boatmun-Yes; Dossier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve renewal of the self-funded Delta Dental PPO and VSP plans with **no change** in rates, and also approve increases in DeltaCare **5.24%**, Standard Life **9.41%**, and MHN EAP **9.44%**, effective January 1, 2020.

PARTICIPATION REQUIREMENTS

Mr. Sells briefly reviewed the JPIA's Participation Requirements for members participating in the medical plans. Standard Participation Requirements apply to all members. Members meeting the additional Incentive Participation Requirements, which provide a more favorable risk profile to the pool, receive a 4% discount on Anthem medical premiums.

Mr. Sells explained that, at the request of member agencies, staff would like to provide more flexibility regarding Director enrollment. The proposed change would allow member agencies receiving discounted Incentive rates to allow Directors to waive enrollment in JPIA medical coverage, subject to the rules for employees at Standard member agencies, and allow Directors to waive enrollment in any of the ancillary plans for the duration of their term, independent of whether medical coverage was waived.

M/S/C (Linthicum/Olson) (Boatmun-Yes; Dossier-Yes; Gish-Yes; Groom-Yes; Hussmann-Yes; Linthicum-Yes; McDonald-Yes; Olson-Yes; Rupp,-Yes): That the Employee Benefits Program Committee recommends that the Executive Committee approve amending the Participation Requirements to allow Directors at Incentive member agencies to waive enrollment in JPIA medical coverage, subject to the rules for employees at Standard member agencies, and to allow Directors to waive enrollment in any of the ancillary plans for the duration of their term, independent of whether medical coverage was waived.

WELLNESS GRANTS, SOLERA DIABETES PREVENTION, CARRUM HEALTH

Ms. Rech, Employee Benefits Account Manager, updated the committee on Wellness Grants. JPIA offered Wellness Grants for the first time in 2015, and has continued to offer them annually. JPIA accepted Wellness Grant applications from May 21, 2019 through June 21, 2019. Anthem has again provided \$75,000 to fund the Wellness Grants. Staff created and distributed ideas and tips, with highlights of several member wellness activities. A plethora of wellness resources are posted to the JPIA website. Member interest and satisfaction with the program has been high, and has increased each year.

Ms. Rech spoke about Solera Diabetes Prevention Program, available to Anthem PPO and HMO members, launched in February 2018. Ms. Rech said that feedback from participants have been very favorable. Participation was encouraged by an email campaign that occurred from late March through April.

Ms. Rech then reviewed Carrum Health, and member outreach efforts undertaken and ongoing. Communication continues to be challenging, as participants must self-refer to the program. JPIA and Carrum Health have communicated with participants to promote the program through direct mail, email, and in-person presentations. Most recently, a postcard campaign was completed and a new YouTube presentation was created. The incentive campaign for both participants and staff responsible for communicating the benefit continues with six winners so far. Staff will continue to communicate the program, utilizing the upcoming Open Enrollment period to do so.

NEXT MEETING DATE

Availability for Upcoming Meeting(s)

Mr. Rupp said that there were no more meetings scheduled for the remainder of the year. Mr. Sells stated if there was a need for a meeting, one would be scheduled at that time.

The Employee Benefits Program Committee meeting adjourned at 11:45 a.m.