



Employee Benefits Program Committee Meeting

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

April 26, 2023

This meeting consisted of a simultaneous Zoom teleconference meeting at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661, and remote sites.

MEMBERS PRESENT

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

Vice-chair: Melody McDonald, San Bernardino Valley Water Conservation District (via Zoom)

Stephanie Dosier, Orange County Water District (via Zoom)

Brent Hastey, Reclamation District #784

Roberta Perez, Cucamonga Valley Water District (via Zoom)

Anjanette Shadley, Western Canal Water District

Laures Stiles, San Luis & Delta Mendota Water Authority

MEMBERS ABSENT

Karen Gish, Amador Water Agency

James Linthicum, Three Valleys Municipal Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells

Sonya Baker, Employee Benefits Systems Analyst II

Adrienne Beatty, Assistant Executive Officer

Erin Bowles, Workers Compensation Claims Manager

Chimene Camacho, Executive Assistant to the CEO

Veronica Cobian, Benefits Administrator II

Robert Greenfield, General Counsel

Ben Hayden, Lead Benefits Analyst

Kyle Hutchinson, Senior Accountant

Kevin Phillips, Director of Member Outreach

Jackie Rech, Employee Benefits Account Manager

Heidi Singer, Accountant II

Sandra Smith, Employee Benefits Manager

Dan Steele, Finance Manager

Michelle Stites, Benefits Administrator II (Recording Secretary)

Olivia Sayad, Administrative Assistant II

Tony Waterford, Human Resources Manager

Mike Whitright, IT Support Specialist

OTHERS IN ATTENDANCE

Fred Bockmiller, Mesa Water District
David A. Drake, Rincon Del Diablo Municipal Water District
Cathy Green, ACWA VP, Orange County Water District
Chris Kapheim, Kings River Conservation District
Natalie Potter, Lake Arrowhead Community Services District
Randall Reed, Cucamonga Valley Water District
Kimberly Miller, Alliant Employee Benefits
Thomas Sher, Alliant Employee Benefits

WELCOME

Chairman Rupp welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Rupp called the meeting to order at 8:30 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MEETING

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 asked that the Employee Benefits Program Committee introduce themselves. Executive Committee members introduced themselves as did ACWA JPIA staff and guests present.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

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

CONSENT AGENDA

Chairman Rupp called for approval of the minutes of the July 18, 2022.

M/S/C (Hastey/Stiles) (Dosier-Yes; Hastey-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Program Committee approve the minutes of the July 18, 2022, meeting, as presented.

MEETINGS ATTENDED ON BEHALF OF JPIA

None.

OVERVIEW OF PROGRAM HISTORY AND CURRENT STATUS

Ms. Smith discussed the Employee Benefits Program History and Current Status.

In 2023, Progyny fertility and family building, Carrum oncology, and Hinge Health virtual physical therapy benefits were added to the PPO plans. Ms. Smith stated that 37 appointments have been scheduled through Progyny since January 1, 2023. The benefit has been well received and is now being used as a tool on recruiting flyers. 128 individuals are using Hinge Health. JPIA has received very positive feedback from participants. Carrum oncology does not yet have utilization.

In addition to plan changes in 2023, the Kaiser plans now offer the 4% Incentive Rate discount historically applied to the Anthem plans for members with favorable participation policies.

The increased hearing aid allowance from \$500 to \$2,500 on the UnitedHealthcare (UHC) Medicare Advantage plan was well received.

VSP plans decreased the copay for premium and custom progressive lenses to \$25. Previously, the cost ranged from \$80 to \$160.

REVIEW 2023 UTILIZATION

Ms. Smith reviewed recent utilization. Utilization has increased since 2020. This is due to a combination of factors, including deferred or delayed care during the pandemic, inflation, and increased labor costs.

Cancer and musculoskeletal conditions have been the highest cost conditions to contribute to plan costs. Mr. Sher noted that both the frequency and intensity of these claims have contributed to the spike.

Ms. Smith added that Carrum Health provides services that control costs and improve outcomes for both oncology and musculoskeletal conditions.

Hinge Health results show that 44% of participants have reported reduced pain. This leads to surgery avoidance and improved quality of life for JPIA participants.

Ms. Smith said that staff is evaluating Pharmacy Benefits Manager (PBM) analysis, Carrum incentives, Data Warehousing, and Navigator services.

Pharmacy expenses continue to increase, not only in cost, but in portion of overall plan spend. A discussion ensued regarding member satisfaction with the JPIA's current PBM and whether it would be worthwhile to investigate alternatives. Mr. Sells noted that a significant drawback to changing PBMs is the disruption to participants.

Ms. Smith talked about data warehousing, a tool being used in the industry for mining claims data to better understand utilization and identify impactable trends. She also discussed a Navigator solution, which would be an all-in-one replacement for customer service on the Anthem PPO medical and pharmacy benefits. Navigators have the potential to increase utilization of point solutions, like Carrum, Hinge, and Progyny.

CARRUM INCENTIVE

Ms. Smith reviewed Carrum Health benefits. Carrum Health offers second opinion and concierge surgical benefits at world class Centers of Excellence while also delivering approximately 30% savings. Numerous musculoskeletal surgeries are covered, in addition to heart, bariatric, and spine surgeries. In 2023, oncology treatment and guidance became available.

Despite extremely positive member experiences, utilization continues to be low. Incentivizing members to have a consult and second opinion with a Carrum surgeon could increase utilization. There would be no requirement that the participant choose to have surgery through Carrum Health.

After some discussion, a motion was made to offer a \$250 incentive for using Carrum for second opinions for surgery.

M/S/C (Hastey/Shadley) (Dosier-Yes; Hastey-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Program Committee recommend that the Executive Committee approve offering a \$250 incentive to participants for being evaluated for surgery by Carrum Health, effective January 1, 2024.

DENTAL PLAN OPTION

Ms. Smith said that half of the current 20 dental plan designs available offer an annual maximum benefit of \$1,500. The other half have an annual maximum benefit of \$2,000. Staff have received requests for plan designs with a higher maximum benefit.

Delta Dental has provided an estimated cost impact of 4% to increase the maximum benefit to \$3,000. These plans are self-funded, with rates set by the JPIA.

The additional plan designs would provide more options to JPIA members. There would be no change to plans currently in place. Members would need to request to move to one of the newly available plans.

M/S/C (Hastey/Stiles) (Dosier-Yes; Hastey-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Program Committee recommend that the Executive Committee approve offering new dental plan designs with a \$3,000 maximum benefit, effective January 1, 2024.

VISION PLAN OPTIONS

Ms. Smith said that the 16 VSP vision plans offered by JPIA do not include safety glasses benefits. Staff have received requests for plan designs that include prescription safety glasses.

VSP has provided an estimated cost impact of \$2.00 to \$2.50, depending on base plan design, to add the benefit. These plans are self-funded, with rates set by the JPIA.

The additional plan designs would provide more options to JPIA members. There would be no change to plans currently in place. Members would need to request to move to one of the newly available plans.

M/S/C (Shadley/Hastey) (Dosier-Yes; Hastey-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Program Committee recommend that the Executive Committee approve offering new vision plan designs that include prescription safety glasses, effective January 1, 2024.

REVIEW EMPLOYEE BENEFITS FINANCIALS

Mr. Steele, Finance Manger reviewed Employee Benefit Financials with the Employee Benefits Program Committee. He focused primarily on the self-funded PPO programs and the overall impact on the reserve balance after the close of the 2022 policy year.

The Committee reviewed the PPO cumulative financials by program year. Many factors are involved in determining the net increase or decrease in the Employee Benefits reserves. Mr. Sells reminded the Committee that we terminated stop loss coverage for the self-funded medical plans effective 1-1-2023.

Mr. Steele explained revenue versus costs in the PPO plan and the cumulative financials by program year, as well as the Employee Benefits fund history.

No motion was made, this was for information only.

EMPLOYEE BENEFITS RESERVE FUND

Mr. Sells elaborated on the excess Reserve Fund balance for the medical, dental, and vision self-funded programs. Fluctuations are primarily driven by claims costs. If claims costs exceed anticipated losses, the result is a reduction in the Fund balance. The opposite occurs when claims costs are less than anticipated. The ensuing result is an increase in the Fund balance.

May 4, 2015, the Employee Benefits Program Committee recommended, and the Executive Committee approved using the 99% confidence level (\$18.5 million) of claims fluctuation margin to set as a goal for the Employee Benefits Program Fund.

As of February 28, 2023, the Employee Benefits Program Fund Reserve balance is approximately \$88.4 million. Staff obtained a new actuarial study that recommends \$22.7 million in Claim Fluctuation Margin (CFM) to reach a 99% confidence level. Incurred But Not Reported (IBNR) claims are estimated to be \$11.2 million at a 99% confidence level. The sum of IBNR and CFM is \$33.9 million.

Mr. Sells reminded the Committee that the number will change over time as circumstances change. The consistent philosophy will remain focused on returning funds to the members, remaining competitive, and ensuring the long-term stability and sustainability of the plans.

M/S/C (Hastey/Shadley) (Dosier-Yes; Hastey-Yes; McDonald-Yes; Perez-Yes; Rupp-Yes; Shadley-Yes; Stiles-Yes): That the Employee Benefits Program Committee recommend that the Executive Committee approve using a target of \$35 million for the Employee Benefits Reserve Fund.

NEXT MEETING DATE

Availability for Upcoming Meeting(s)

The next Employee Benefits Program Committee meeting is Monday, July 26, 2023, at 2:15 p.m.

The Employee Benefits Program Committee meeting adjourned at 11:21 a.m.