

Pima County Health Care Benefits Trust Board Meeting August 13, 2020

Pursuant to A.R.S. § 38-431.02, notice is hereby given that the Pima County Health Care Benefits Trust will hold a meeting open to the public on **Thursday, August 13, 2020, at 9:00 a.m.** The meeting will be held virtually through Microsoft Teams.

MINUTES

A. Roll Call

Present

Keith Dommer, Chair, Board Member
Daisy Jenkins, Board Member
Ellen Wheeler, Board Member
Dr. Francisco Garcia, Board Member

Also Present

Jan Leshner, Deputy County Administrator
Marchelle Pappas, Board Coordinator
Cathy Bohland, Pima County, Human Resources
Gayl Zambo, Pima County, Human Resources
Jennifer Billa, Pima County, Human Resources
Debbie Knutson, Pima County, Human Resources
Erin Higdon, Pima County, Human Resources
Toni Parkhurst, Pima County, Human Resources
Eric Rustand, CBIZ
Ana Arenas Roth, CBIZ
Jessica Velasquez, CBIZ
Mike Zucarelli, CBIZ
Matt Weel, CVS Health
Taylor Nervo, Employers Health
Ray Eveleth, Aetna
Karen Peters, Aetna
Len Baldazo, Pima County, Finance
Mandy Armenta, Pima County, Finance
Zulema Adame, Pima County, Finance
Xavier Rendon, Pima County, Finance
Anthony Batchelder, Pima County, Finance
Jean Lee, Pima County, Finance

Meeting was called to order at 9:04 a.m.

B. Pledge of Allegiance

- All present joined in the pledge of allegiance.

C. Approval of May 7, 2020 Meeting Minutes

- Moved by Ms. Jenkins, seconded by Ms. Wheeler, approved [4:0].

D. Human Resources Items – Gayl Zambo

- **Annual Enrollment Review**

Ms. Zambo furnished information related to Annual Enrollment. Annual Enrollment was to have occurred April 27 – May 15, 2020 and was extended to May 20, 2020 due to COVID-19 Stay-at-Home Order that was lifted on May 18, 2020 and to allow employees additional time to participate in the enrollment process. Ninety-one percent of employees enrolled in medical coverage completed the process, which was more participation than in previous years. Annual Enrollment presentations and fairs were cancelled due to COVID -19. However, each carrier provided a recorded presentation which was posted to the benefits webpage. Additionally, mailings to employee home address and email communications to both work and personal emails were sent. A slight uptick has been noted in the medical enrollment which may be due to a dependent's loss of coverage related to the pandemic / unemployment. A major increase has also been noted due to dental plan changes within the Self-Insured Dental plan through Delta Dental of Arizona, from our prior Dental plan with Ameritas. The Annual Enrollment event was very successful despite the circumstances. This change in enrollment was expected since the County increased its portion of the dental plans making the richer plan more affordable.

Mr. Dommer appreciated receiving the Trust packet earlier this quarter and thanked the group.

- **Follow up items from prior meeting (CBIZ) – Eric Rustand**
 - **Process for recommending plan changes**

Mr. Rustand discussed the process for recommending plan changes relating to changes in HSA regulations, coverage of COVID testing, or changes to plan premiums. The discussion will begin with CBIZ, HR, and Finance prior to the cost implementations being determined. A presentation of the proposed changes is presented to the Board of Supervisors at the end of the current calendar year or beginning of the new calendar year for the upcoming fiscal year. The next scheduled meeting to discuss the proposed changes is September 29, 2020.

Mr. Dommer requested to further discuss the rules and responsibilities of the Trust Board and also where in the process the members will be asked to provide their recommendations and input. Mr. Rustand noted that there is a meeting held monthly by CBIZ and HR in which members of the Trust Board have been invited to participate, and during this time the members of the Trust Board are invited to provide their input. Mr. Dommer stated that there could not be a quorum during the monthly meeting. Mr. Rustand suggested that the information provided at the monthly meetings can be consolidated and disseminated to the members of the Trust Board. Ms. Zambo added that all proposed changes would be on the agenda for the Trust Board in November.

- **Reserve Calculation at 4 and 6 months**

Mr. Rustand reviewed the reserve estimates and options based upon expected and potential liabilities. During the previous Trust Board meeting there was discussion held regarding an appropriate reserve amount being within the range of 4 to 6 months of expenditures and how to determine which costs to use as the basis for reserves.

Mr. Dommer created a draft document for the Trustees' recommended reserve requirement and recommendation for funding levels, which states that the Trustees' have a general oversight of the reserve, but do not have authority or responsibility on how the County generates the funding for the Trust. The draft document recommended a minimum reserve requirement of 4 months, and Mr. Dommer noted an alternative would be a 6-month reserve or a recommended reserve in a range of 4 to 6 months. The draft further recommended that premiums be set to recover all annual forecasted costs of the Trust, and if the reserve would be forecasted to be less than the target, the premium rates would be adjusted to meet the reserve target within 2-years. The reserve target would be re-evaluated every 2 years at minimum. Mr. Rustand added that the forecasted funding level of the Trust will be based on standard actual methods and will include historical claims cost, assumptions for unknown (Stop Loss) calculations along with trend (7% medical / 8% on pharmacy). Ms. Wheeler suggested adding the administrative costs as part of the base on which the reserve is calculated. Discussion was held around the fluctuation of administrative costs which are typically set every 5-years which include Short-term Disability, Stop Loss, and Aetna administrative expenses. Ms. Zambo clarified that the 2-year recommended reserve target would begin not begin until FY 2021/22 as rates are already set for the remainder of 2020/21. Dr. Garcia requested that the timeframe is clearly articulated for building the reserve on the Trustees' document. Ms. Jenkins commented that she appreciated the clarity of the Trustee role.

○ **Premium Adequacy Report**

Mr. Rustand provided background on the Premium Adequacy Report, which takes into consideration the claims experience for the full plan year, enrollment adjustments, funding rates, estimate for final forecasted rate action, further identified additional 7 to 9 months of actual claims and implemented funding rates for FY2020/21. The results show that the percent change vs. percent implemented is a 5.2% increase and a decrease in the reserve amount of approximately \$2.5 million with the rates remaining the same for the next Fiscal Year. Additional claims experience will be recalculated in November to create additional recommendations if different than what is reported currently. Discussion was held confirming the dollar amounts discussed, reserve amount and the effect that the COVID pandemic claims may have. Finance will also provide the financial statements in November on the reserve balance to provide a better picture of forecasting and calculating rates to meet the 4-6-month reserve recommendation. Mr. Dommer stated that there was not a current agenda item to move on this item during the meeting today. Mr. Dommer requested that a presentation be available for the November meeting, which will allow the Trustees a better ability to forecast and make a decision during the November meeting.

Stop Loss analysis

Mr. Rustand summarized the Stop Loss Analysis to determine how the \$1 million threshold impacted the plan. By increasing the Stop Loss to \$1 million threshold, the County has

successfully saved Trust funds from a higher deficit in claims costs. Other Counties / Municipalities that are not utilizing a Stop Loss plan and utilizing an all cash basis have been shown to have an increased reserve to pay for excess claims cost. Mr. Dommer asked if there are any opportunities to pool reserves required across other funds utilized by the County. Mr. Rustand stated there are regulations and guidelines that prohibit the combining of the Health Benefits Trust Fund balances with other funds.

E. Aetna Presentation Summary – Ray Eveleth

- **Medical Utilization Review**

Mr. Eveleth provided a year-end review for the period of July 1, 2019 through June 30, 2020. A summary of the key findings was reviewed with the total medical spend increase + 9.4%, or \$2.6 million to \$30.6 million for the 2019/2020 plan year. Twenty percent of the trend is due to high cost claimants / high cost claim figures. Dr. Garcia asked to about the claimants with claims below \$100,000. Mr. Eveleth stated that we are trending in the right direction with those.

Mr. Eveleth noted an error in the packet he provided. Total surgeries/1,000 members should be (-8.5%) not (+-8.5%).

Admits/1,000 members (+2.8%), Days of Care/1,000 members (+14.1%), and Average Length of Stay (+11.0%). Total surgeries/1,000 members (-8.5%); Office Visits/1,000 members (-3.9%) and ER visits/1,000 members (-9.3%) compared to the prior plan year. Inpatient surgeries/1,000 member decreased (-2.1%) compared to the prior plan year. Utilization by Relationship: All categories were either flat or decreased from prior plan year with exception of Total Admissions by Spouse/Partner (+25%). Top 5 Major Diagnostic Categories: Musculoskeletal (+16%), Circulatory System (+42%), Digestive System (+10%), Nervous System (+32%), Kidney/Urinary Tract (+12%). Medical Cost Categories. Inpatient days increased in Utilization/1,000 members (+12.8%) and Unit Cost increased (+9.0%). ER utilization: visits decreased (-9%); while the amount paid per visit increased (+17%). Maternity: 98 total deliveries at average paid amount per admit of \$8,480. 6 NICU's at average cost/admission of \$74K.

Mr. Eveleth provided a brief overview of a new program called Flexible 5. The program is HSA qualified and covered at 100%. The program was released to enhance services for members who may not seek needed services due to limited incomes. It is a possible plan enhancement that Aetna can work with CBIZ on for consideration in the future. Mr. Eveleth stated that this would be a perfect example for the Trustee Board to review at a monthly meeting to obtain additional information.

Network Summary

Current 'Total Network Discount Savings': 67.2% (66.2% is Network Discount guarantee). This number has remained consistent. Network Utilization Metrics continue to be positive and increased from the prior plan year.

Hospital Profile

Pima County saw 47% of its Facility spend occur at a Banner|Aetna Performance Network contracted hospital (\$3.8 million)

Dr. Garcia noted that we are seeing a decrease in emergency room costs that is a national trend and not specific to Pima County. Dr. Garcia would like information of members who have COVID diagnosis versus those that do not as these tend to be big spends with long inpatient stays and ICU. Overall ER utilization is getting back to normal levels. Other medical visits that should have gone to their PCP rather than ER was driven by lack of availability of appointments in the PCP sector. The mitigation measures that were put into place across Pima County to save capacity, elective procedures were delayed and may have affected the maternity spend by reducing elective inductions and C-sections. Dr. Garcia stated that it will be useful to receive what has been attributed to the pandemic as this information will be useful at a later date.

Mr. Eveleth noted that Aetna has a report that separates the costs related to COVID available on the 15th of each month. Currently, two reports have been for May and June, with July being released shortly. Pima County should anticipate claims / cases related to COVID populate a little more. COVID confirmed cases 112, 6 potential, 9 hospitalized, 1 on a ventilator, and 0 deaths as of the end of July for Pima County members, with the July 15th report providing additional data. Dr. Garcia clarified that this only relates to employees and dependents. Mr. Rustand reminded the meeting attendees that if a member went to a testing blitz or other event they would not be reflected in the numbers as they would not have had to show insurance information.

High Cost Claimants (HCC)

There has been an increase in the number of HCC. This has increased +40% from 35 to 49 over the prior plan year. HCC accounted for 35.1% of the total paid amount (Aetna Book of Business is 31.9%). The average spend per HCC increased slightly by 0.4% from \$216.7K to \$218.7K. Top 10 high cost claimants: 7 employees, 2 spouses, 1 dependent child. All are engaged in Care Management.

Of the high level overview, 53 are on the list for high cost claimants. Five members deceased and one has retired. 51 are in network and two out of network which are behavioral health. Ms. Peters mentioned that the engagement level is high, nine are currently engaged and she is working with an additional five members currently to get them engaged. 58% were employees, 14% spouses, and 8% children.

The oncological break-out shows a wide range of types. The members are very sick, resulting in increased treatment.

Dr. Garcia mentioned that for five or six of the cancers tobacco is an exacerbating factor, and our HR Benefits / Wellness team should consider this with smoking cessation programs. Only three of the lipid cancers are able to be screened (colon, breast and lung), which is another area we can identify for genetic or environmental characteristics for early detection. Mr. Eveleth mentioned that there is a new addition of specific pharmaceutical claim in the amount of \$300,000. Ms.

Zambo mentioned that the HR Benefits / Wellness team will work with Ms. Peters to promote the recommendations further.

- **COVID-19 Update**

Mr. Eveleth noted that we are not seeing large facility claims on the report yet. However, we are seeing a trend week over week. And as a reminder, Aetna does not have the ability to capture testing information for those that go to a public health facility as they do not go on the plan. This week there were 123 tests, just under \$20,000 costs. From March 1 to July 26 the cost incurred is \$222,186. Claims for test/non-test over the last week have seen a steady decline in tests and treatments, with the average cost for test is \$90. There is a steep decline in non-COVID activity and claims. This is the result of patients beginning to resume treatment for regular services in May, with June and July also showing that patients are becoming more comfortable as things return to normal with an inverse relationship between COVID and non-COVID claims. Mr. Eveleth noted that we will also see an uptick in treatment costs on COVID as more people are tested.

F. Caremark/CVS Presentation – Matt Weel

- **Pharmacy Utilization Review** – Mr. Weel presented for a review period of July 1, 2019 through June 30, 2020 in which rebates totaled the following:
 - Q1 (July 2019-September 2019) – Rebates \$ 881,121.04
 - Q2 (October 2019-December 2019) – Rebates \$ 965,455.69
 - Q3 (January 2020-March 2020) – Rebates \$ 968,511.45

Mr. Dommer asked if the amounts shown fluctuate by quarter or remain the same. Mr. Weel noted that the numbers are consistent annually, but they can fluctuate due to the number of prescriptions processed per quarter. Mr. Weel noted that there was a slight decrease during the peak of COVID due to people not venturing out to get their prescriptions or changing their prescriptions to a 90-day supply. Mr. Dommer asked if rebates should be considered in the funding rate consideration, Mr. Rustand verified that the rebates already are factored in when forecasting expenses, and a future meeting discussion can take place. Mr. Zucarelli stated that he expects an increase for rebates each year and anticipates that 2020/21 to be higher.

Financials

Total Gross Trend Components of Total Gross Cost were:

July 2018 – June 2019: \$12,224,969
July 2019 – June 2020: \$14,377,503

The increase is driven by an increase in utilization and especially in specialty. The plan had 3,360 more total prescriptions filled in 2019/20 than in 2018/19. Specialty medications total

gross cost increased by \$1.3 million. More members on the plan and more utilizers on the plan. Specialty medications increased by \$1.3 million.

Total Gross Trend Components of Total Net Cost were:

July 2018 – June 2019: \$10,832,857

July 2019 – June 2020: \$12,889,204

Specialty Top Classes

Increase in specialty cost driven by increase in utilization. 182 more specialty prescriptions and 19 more utilizers in 2019/20 compared to 2018/19. Not one particular drug, it is across the board.

Rheumatoid Arthritis: \$2,167,607 Gross Cost / 36 Utilizers, with top medications being Humira and Enbrel.

Oncology: \$1,321,358 Gross Cost / 22 Utilizers, with top medications: Imbruvica and Iclusig

Multiple Sclerosis: \$887,713 Gross Cost / 16 Utilizers, with top medications: Tecfidera and Rebif

Utilization and Drug Mix:

Top Therapeutic Classes have remained the same as last couple plan years.

Antidiabetics: \$2,895,256, Gross Cost / 8,861 Rx / 708 Utilizer, with top medications: Trulicity, Januvia, Novolog and Ozempic.

Analgesics – Anti-Inflammatory: \$2,296,369, Gross Cost / 3,055 Rx / 1,183 Utilizers – This is where Rheumatoid Arthritis is classed. Diabetic is spending more even though it is not a specialty drug.

Antineoplastics: \$1,230,287 Gross Cost / 731 Rx / 125 Utilizers.

- **COVID-19 Update**

Treatment drugs for COVID-19 have remained consistent month over month. Mr. Weel noted that these are not drugs specifically used to treat COVID but supportive drugs. The non-COVID-19 prescriptions have remained relatively consistent as well as more people remained at home and did not venture out much to the pharmacy. We will begin to see a slight uptick in the future due to need to re-fill prescriptions.

G. CBIZ Presentation – Summary – Eric Rustand

- **Claims Review**

Mr. Rustand presented the July 2019 to June 2020 plan year calculations to date as shown on the presentation. Mr. Rustand noted that there is a normalcy trend and that 23 % are large claimants, which is lower to date but higher year to year.

H. Call to the Audience

I. Housekeeping

- Suggestions for Future Informational Topics for Discussion:
 - Board to decide what reserve recommendation will be for 21/22 once audited data with forecast is available.
 - COVID-19 Information breakdown (break out of COVID-19 vs. non COVID-19 for ER.)
- Next Meeting Date – November 12, 2020 – Dental carriers will not be invited to this meeting.
- Specialty Prescription coupon discussion will be moved to February 2021 meeting.
- Provide breakout of 4-month reserve vs. 6-month reserve with audited information
- Dental carriers will be invited to May 2021 meeting.
- Recommend Reserve Requirement by Trustees
- **Future Discussion Items**

J. Adjournment at 10:56 a.m.