

KPBSD HEALTH COMMITTEE

April 6, 2011

Call to Order. Time: 2:43 PM by Mike Druce

Location: Risk Management portable

ARTICLE VIII: VOTING

Section I – All decisions of the HCPC must be made by a quorum of members.

A. A quorum consists of at least 6 voting members being physically or electronically present at the meeting.

Voting members present

Nancy Courtright

Mike Druce

Carl Locke

Bruce Rife

Patty Sirois

Paul Sorenson

Betty Miller

Terri Zopf-Schoessler

Quorum present Quorum not present _____

Administration and consultation

Tim Peterson—Plan Administrator

Stacey Gorder—Employee Benefits Manager

_____ Colleen Savoie—Benefits Account Executive, Parker-Smith-Feek

Laurie Olson—KPBSD Finance Director

David Jones—Assistant Superintendent

Guests

1. Agenda.

_____ Approved.

Approved with additions. Moved—Patty. Seconded—Terri. Unanimous.

_____ Not approved

2. Minutes. February 7, 2011

_____ Approved.

Approved with ammendments. Moved—Bruce. Seconded—Betty. Unanimous.

_____ Not approved

3. Unfinished Business.

4. Reports.

A. Tim Peterson—CareMark prescription drug cost-saving recommendations: Dave and Stacey attended a CareMark presentation, which discussed asthma and diabetes medications as well as the costs of generic vs. brand-name medications. Their potentially cost-saving—and health promoting—recommendations include:

- MRC currently conducts the prequalifying procedures for the district's health plan. Their protocol also includes follow-up calls to ask how the patient is doing, how they would rate their care, and—in the case of chronic conditions such as asthma and diabetes—how effective they have found their medications. If, for example, they found that a patient had initially filled a prescription for a specific asthma medication but had not refilled it, they would ask if the patient had switched to another prescription that was more effective, etc. Members of the HCPC discussed how some plan members might perceive these questions as intrusive; however, effectively managing chronic conditions is not only good for members' health, it is potentially cost-saving for all members who pay into the health plan.
- Another potentially cost-saving part of the CareMark presentation showed the difference in the costs of brand-name vs. generic versions of the same drug. The cost difference was so great, in fact, that the HCPC members recommended posting the comparison charts on the district website under Health Issues. Committee members also recommended discussing the costs of various prescription drugs—brand-name and generic—at local physician meetings to help educate them about cost differences as well. (For example, Prilosec costs a plan member a \$10 co-pay and the health plan \$629.70 for a 90-day supply; the generic equivalent Omeprazole costs the plan member a \$5 co-pay and the health plan \$93.90 for a 90-day supply.) Further discussion occurred—but no decision was made—on CareMark's suggestion for further increasing the prescription co-pay for non-formulary drugs from its current generic \$5/ formulary \$10/ non-formulary \$40 to \$5/ \$25/ \$50—while keeping the same waiver procedure currently in place for patients who do not do well with specific generic drugs.

Large claims: Tim also update HCPC members on the number of large claims, which is four. Since January, 2011, there have been four claims in excess of \$40,000, and one of those is over \$100,000.

- Self-insured health plan vs. for-profit insurance plan: When asked about including for-profit insurance plans such as Blue Cross in the district's RFP (Request For Proposals), Tim and Dave maintained that such plans have proven more expensive than our current health plan, and that, based on others' experience, are likely to change or reduce coverage in order to maintain a profit for their shareholders. In order to avoid confusion, Tim requested that, in the future, HCPC and plan members correctly refer to our coverage as a "self-insured health plan."

X B. Stacey Gorder—Stacey related the progress on collecting copies of marriage licenses and birth certificates district-wide with the reminder that **all documents and re-enrollment forms are due to her by April 30, 2011.**

Stacey also offered a number the following information regarding our new TPA, Rehn:

- The backlog of Meritain claims have now been processed by Rehn.
- Stacey is working with Rehn to improve their Explanation of Benefits forms to make them easier to understand.
- Most issues with the transition from Meritain to Rehn are being resolved, including the implementation of the revised UCR (Usual and Customary) rates for specific medical codes.
- Please contact Stacey via email with specific concerns with the Rehn health plan. It is really useful to her—and to all members—if she is able to note specific trends in how they process claims and work proactively to fix them.
- In all cases, it expedites matters if the specific EOB (claim form) is attached to the email.

X C. Laurie Olson—Laurie provided the following:

- July, 2010: Total health expenditures were \$1,929,793.78; the per employee cost was \$1,767.21; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was -\$452.21.
- August, 2010: Total health expenditures were \$1,590,878.57; the per employee cost was \$1,448.89; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was -\$292.61.
- September, 2010: Total health expenditures were \$1,254,801.00; the per employee cost was \$1,038.74; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was -\$90.38.
- October, 2010: Total health expenditures were \$1,298,674.81; the per employee cost was \$1,053.26; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was \$3.37.
- November, 2010: Total health expenditures were \$1,300,451.74; the per employee cost was \$1,051.29; amount collected per employee was \$1,315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was \$58.25.
- December, 2010: Total health expenditures were \$2,472,056.24; the per employee cost was \$1,988.78; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was (\$69.71).
- January, 2011: Total health expenditures were \$114,903.26. ; the per employee cost was \$92.81; amount collected per employee was \$1315 (employee contributions per month are \$270; district contributions per month are \$1,045); the per employee variance was \$121.86.
- February, 2011: Total health expenditures were \$688,654.57; the per employee cost was \$92.81; amount collected per employee was \$1,398.34 (employee contributions per month are \$311.67; district contributions per month are \$1,086.67); the per employee variance was \$288.94. (NOTE CHANGE IN EMPLOYEE/DISTRICT CONTRIBUTIONS.)
- March, 2011: Total health expenditures were \$1,543,128.00. ; the per employee cost was \$1,239.46; amount collected per employee was \$1,398.34 (employee contributions per month are \$311.67 district contributions per month are \$1,086.67); the per employee variance was \$274.01.

Average monthly health care costs: Because of the transition issues between Meritain and Rehn as the district's Third-Party Administrator (TPA), it may be more realistic to use past averages when determining monthly health claims costs. Using 2010 figures, Laurie Olson was able to offer the following financial information: When claim processing slowed during early 2011, an estimate of costs based on the monthly average of claims paid during 2010 was used in an effort to provide a more realistic idea of the status of the district's health care plan. The monthly average in 2010 was \$1,367,642.60 per month for health care claims and \$153,132.99 for prescription claims. Using the average monthly claims figures instead of actual claims paid in January, February and March, the estimated total expenditures for:

- January were \$1,467,091.85, compared to the actual claims of \$114,903.26
- February were \$1,594,756.82 compared to the actual claims of \$688,654.23
- March were \$1,611,616.59 compared to the actual claims of \$1,543,128.00

X D. Dave Jones—When asked about the previously reported fraud cases where members had, for example, failed to notify the plan administrator of changes in their marital status, Dave Jones stated that all fraudulent claims had been collected and there are no outstanding monies owed to health plan at this time.

 X E. Area informational meetings—Observations from HCPC members who attending regional health plan informational meetings was shared; survey results from the health care survey were also reviewed. (This information may also be accessed from KPEA and KPESA sources.)

 X F. August, 2011 meeting—After a short discussion, it was agreed that it would be prudent for the HCPC to meet at 4 PM the day of the district-wide inservice meeting at KCHS. Place and date TBA.

 X G. Member appeal—Patty. Tabled to give Tim and Stacey time to review the specifics of the appeal.

 X H. Further comments and recommendations:

- Mike asked that all the HCPC members look over the KPEA/KPESA survey results and thanked the committee members for their time in serving on this committee.
- Patty requested that Tim provide committee members with a copy of the TPA agreement with Rehn. He agreed to provide a copy of the agreement.
- Tim volunteered to provide the committee with projected revenues from 2011-2012 tiered system for spouses and families.

5. **New Business.**

1. Upcoming meeting dates:

- Thursday, April 21, 2011; 2:45PM -4:30PM; Risk Management portable
- Thursday, May 19, 2011; 2:45PM -4:30PM; Risk Management portable
- August, 2011: TBA
- **Next meeting:** Thursday, April 21, 2011; 2:45PM -4:30PM; Risk Management portable

2.

6. **Adjourned 4:00 PM.** Moved—Betty. Seconded—Terri. Unanimous.

Respectfully submitted,
Terri Zopf-Schoessler
HCPC secretary