

Benefits Committee Meeting
June 7, 2016
MSB Conference Room 130

Start time: 2:00 pm

Committee Members in Attendance: Matt McCombs, CWA; Mike Head, CWA; Roberta Gluski, CWA; Matt Schad, IAFF; Stephen Colbert, IAFF; Susan Chase, SAMP; Sandra Clayton, SAMP; Monica Mitchell (for Jay Ravins), SAMP; Karen Dombrowski, Retirees

Committee Members Not In Attendance: Steve Finney, CWA; Phil Hughes, CWA; Jonathan Walsler, FOP Officers; Christopher Precious, FOP Officers; Sgt. Joel Morley, FOP Supervisors; Jim Donnelly, SAMP (now open position)

Non-Committee Members In Attendance: Shawn Fleming, Gehring Group; Michelle Kutch, Human Resources; Joe Roseto, Human Resources; Lisa Goodrich, Human Resources; Donna Cacciatore, Human Resources; Morgan Douglass, Human Resources; Stacy Lambert, Cigna Representative; Regina Novak, Parks and Recreation; Taylor Thomason, Parks and Recreation.

Michelle Kutch, Human Resources Manager, opened the meeting and announced today's meeting would be informational only and there would be no voting. Ms. Kutch stated this would be the last informational meeting before renewals for plan year 2017 will be discussed.

Gehring Group Representative Shawn Fleming stated that Cigna provided him with a large report regarding the City's health insurance expenses, and he picked out the most important pages to provide to the Benefits Committee (detailed attachment below.) Mr. Fleming stated the first column "Total Plan Funding" is the contributions from the City and employees. Administration and Network Fees are the fees paid to Cigna to administer the plan. Mr. Fleming pointed out that Cigna is paid \$73,000 per month on a plan with total funding of \$1.4 million per month. Mr. Fleming stated the Stop Loss Fees are reinsurance fees to protect us from large claims that exceed \$300,000. Mr. Fleming stated claims for March totaled \$1.6 million which was a big spike, and claims for April totaled \$800 thousand. Mr. Fleming stated overall the plan is running well through the first four months of the year. Mr. Fleming explained the number of employees for April is in red font, as that is the month we moved from LocalPlus to the Open Access Plus network. Mr. Fleming explained the report for that month was done manually and the number may adjust. Mr. Fleming stated we are off to a much better start for 2016.

Mr. Fleming stated on page 2, the blue bars represent the average claims per employee per month while the red line is the funding for the plan, per employee per month. Mr. Fleming stated if we look at other bars besides March 2016, overall things are starting to trend down. Ms. Kutch mentioned March 2015 claims also looked high and wondered if there was any pattern with March claims; Mr. Fleming responded he thinks both March 2015 and March 2016 being high is just a coincidence. Mr. Fleming

stated we are seeing less catastrophic claims now, and more shift of activity to the Employee Health Center (EHC). Mr. Fleming stated in the past people may have been going to two doctors (at the EHC and outside the EHC.)

Mr. Colbert asked if we could see an increase in expenses with our move to the Open Access Plus Network. Mr. Fleming stated that those who changed their doctor in LocalPlus probably won't change again and overall the impact should be negligible for 2016. Mr. Fleming stated over time that could change however.

Mr. Fleming referred to page 3 of the handout and noted for 2015 the City saw a 7% reduction in medical claims but a 15.6% increase in our pharmacy claims. He also stated catastrophic claims decreased by 7% but our specialty pharmacy spend increased by 27%. Mr. Fleming referred to the "Positive Performance Section" of the page and stated that the decreased cost per chronic member could be due to the Health Center. He also pointed out that a 1.6% increase in generic drugs lowered our costs by \$257K. Mr. Fleming then referred to the "Pharmacy – Trend Drivers" section and stated that the biggest increase in our Pharmacy cost was due to inflation and the biggest increase in pharmacy prescriptions was in the NSAID medications (painkillers.) Mr. Fleming advised that a drug called Duesxis is comprised of 800 mg of ibuprofen and pepcid which costs \$5000 per year whereas if one used over the counter meds ibuprofen and pepcid that the cost would obviously much lower \$10 per year. Mr. Fleming stated that Pharmaceutical companies are trying to milk the system and that putting restrictions on the plan would avoid these high costs. Mr. Fleming referred to the "Health Status" section and noted that while chronic conditions make up 32% of our claims, they account for 72% of our spend. He stated chronic conditions include diagnoses such as diabetes, high blood pressure, and high cholesterol.

Mr. Fleming referred to page 4 and the fifth bullet on that page, which states that 21% of our population last year had no services last year. Mr. Fleming stated this may be due to usage of the Employee Health Center, and with Cigna On-Site now running the Center, we may know what true number is as we will have integrated reporting from our Employee Health Center. Mr. Fleming then stated that our pharmacy costs accounted for 25% of our total healthcare spend, and in the next 10 years we may see that percentage increase to 50%.

Mr. Fleming then stated page 5 of the handouts did not show any significant shifts in our age ranges. He did point out that 60% of members in our health insurance plan are male and 40% are female. Mr. Fleming stated page 6 shows that while the catastrophic claims per 1,000 members decreased to 18.1, the average cost per catastrophic claim increased, but only by \$2,000.

Mr. Fleming then referred to page 9 and stated our Specialty pharmacy spend on the pharmacy side referred to people taking the medications on their own at home and pointed out that a majority of our pharmacy costs are due to those are administered in a hospital and some drugs need to be administered with an IV. Mr. Fleming stated one trend occurring now is nurses being sent to patients home to administer IVs in the home at no cost, and this could reduce our specialty pharmacy spend.

Mr. Fleming referred the committee to page 12 and stated that the top therapeutic class was Hepatitis C and the second was Anti-Inflammatory medications, which can be used for other conditions now. He stated there are so many more drugs for Diabetes now, which is the third highest therapeutic class trend driver. He also stated that for Multiple Sclerosis there is no drug on the market that costs less than \$50 thousand per year; he stated the drugs slow down the progress of the disease, but has bad side effects.

Mr. Fleming pointed out that the expense for Harvoni was 40% of the cost spent on the top 20 specialty drugs. (p. 60) He stated Botox is now in the 20 top specialty drugs as they are finding new uses for the drug and how it can now be used for migraine headaches.

Mr. Fleming referred to page 15 which showed the number of emergency room visits has increased. The cost for one emergency room visit averages \$2200 while the cost of a visit to an urgent care center averages \$230. Mr. Fleming said we may benefit from educating members of this cost savings, and to try to utilize urgent care centers and also our Employee Health Center, but if they feel they need to go to the emergency room, for example, if they could be having a heart attack, then they should go to the ER. While our urgent care use is not so high because we have the Employee Health Center, Mr. Fleming did point out that there was a 35% increase in the number of members that went to the emergency room that could be steered toward using an urgent care or our Employee Health Center.

Mr. Fleming also pointed out how members may think they are going to an urgent care clinic, but they are actually going to a stand-alone Emergency Room which is much more expensive. Ms. Kutch stated perhaps we could increase communication among our membership concerning the stand-alone emergency rooms and escalated costs associated with them both to the member and the plan.

Mr. Schad stated Sunstar now has a membership program for those who often go to the hospital by ambulance. There is a fee to join the program but the member does save money and doesn't pay for ambulance rides. Ms. Kutch asked if the Sunstar program could have an adverse effect on the plan, by encouraging members to use the ambulance and incurring higher ER visits when it may not be appropriate/necessary. Mr. Schad said no and explained that the paramedics would only transport a patient to the ER if medically necessary. Mr. Colbert stated the program really benefits those who are utilizing the ambulance to go to the hospital anyway, like for dialysis. There was discussion about putting pamphlets in our Health Center to give to the patients concerning the Sunstar program.

Mr. Fleming referred to page 17 and stated there have been some reductions in the number of primary care visits and specialist visits. The average costs of a primary care visit are \$122 while the average cost of a specialist visit is \$222. There was discussion over educating members as many go to a specialist when they really should be going to a primary care physician.

Mr. Colbert asked about the Diagnostic Clinic and Ms. Kutch explained that Cigna and the Diagnostic Clinic have not agreed upon a contract yet and it was unknown if they would. There was discussion on if

the Diagnostic Clinic could be negotiated into our plan and Mr. Roseto stated they were looking at all options.

Ms. Dombrowski asked why retirees are not charged on a pre-tax basis and Mr. Roseto replied they cannot be, that per IRS Code 125 Regulations only active employees can be charged on a pre-tax basis.

Mr. Head stated some members are having problems getting into sleep apnea studies. Mr. Fleming stated the first step would be for employees to see Ms. Lambert, but we are finding that some doctors may not provide sleep studies.

Ms. Chase asked about plan year 2017 and how it would affect those who were paying for the OAP plan. Ms. Kutch stated we did not know about the renewal plan for 2017 yet. Mr. Roseto stated we have to look at the claims, what the City can spend, and look at our options. It was asked if we have seen an increase in the number of claims (since moving to the Open Access Plus Network.) It was stated we've only seen one month of claims since moving to OAP but that overall the claims have gone down.

Mr. Colbert asked about the upcoming election and possible changes to the Affordable Care Act. Mr. Roseto replied any possible changes to the ACA would not have an impact on our plan one way or the other.

Ms. Novak asked about medical nutrition therapy and could two visits a year be covered. Ms. Kutch stated those members could be steered to the Health Clinic to interact with the Health Coach. Ms. Novak felt the Health Coach could not provide the same services as medical nutrition therapy. It was determined that we would look to see if coverage for a registered dietician was allowed under our Cigna plan.

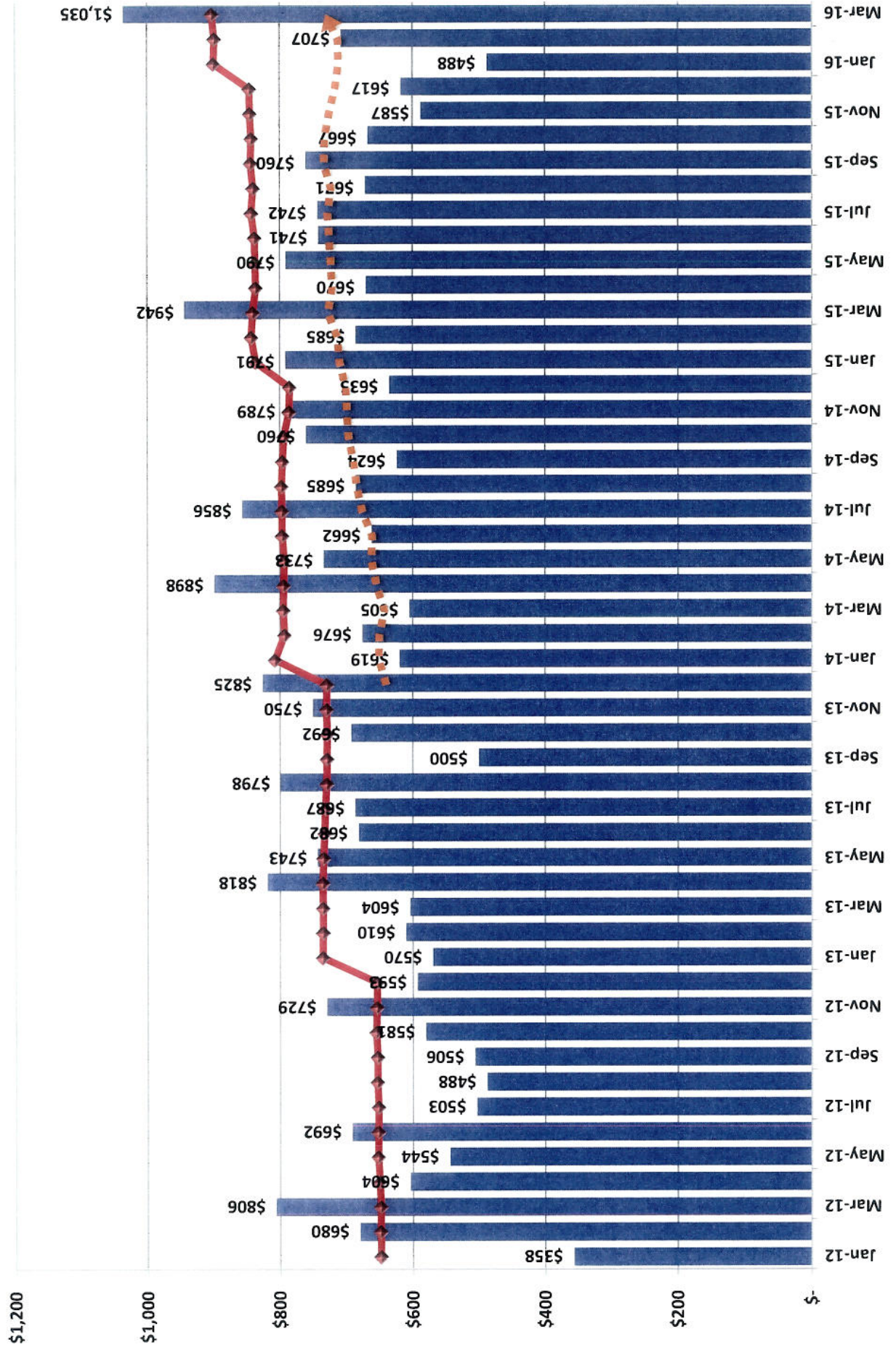
Ms. Kutch asked if anyone else had any questions and there were no further questions. Ms. Kutch stated the next meeting may be held in approximately one month.

City of Clearwater
Cigna - ASO Only

Plan Year: January 1, 2016 - December 31, 2016

Date	Total Plan Funding	Administration & Network Fees	Stop Loss Fees (\$300,000)	Actual Paid Claims	Total Plan Cost	Reserve Account	Total EEs	Claims / EE / Month
January-16	\$ 1,462,747.78	\$ 73,133.65	\$ 79,332.52	\$ 793,181.36	\$ 945,647.53	\$ 517,100.25	1627	\$ 487.51
February-16	\$ 1,464,625.37	\$ 73,313.45	\$ 79,527.56	\$ 1,153,668.27	\$ 1,306,509.28	\$ 158,116.09	1631	\$ 707.34
March-16	\$ 1,477,129.94	\$ 73,628.10	\$ 79,868.88	\$ 1,694,830.61	\$ 1,848,327.59	\$ (371,197.65)	1638	\$ 1,034.70
April-16	\$ 1,475,295.73	\$ 73,628.10	\$ 79,868.88	\$ 800,373.77	\$ 953,870.75	\$ 521,424.98	1638	\$ 488.63
May-16								
June-16								
July-16								
August-16								
September-16								
October-16								
November-16								
December-16								
Annual Total	\$ 5,879,798.82	\$ 293,703.30	\$ 318,597.84	\$ 4,442,054.01	\$ 5,054,355.15	\$ 825,443.67	6534	\$ 679.84

City of Clearwater Claims Per Employee Per Month (Net of ISL Reimbursements) 2011 - Current





Consultative Analytics Summary

Plan cost per member 2.1% lower in 2015 compared to prior year

Key Numbers at a Glance



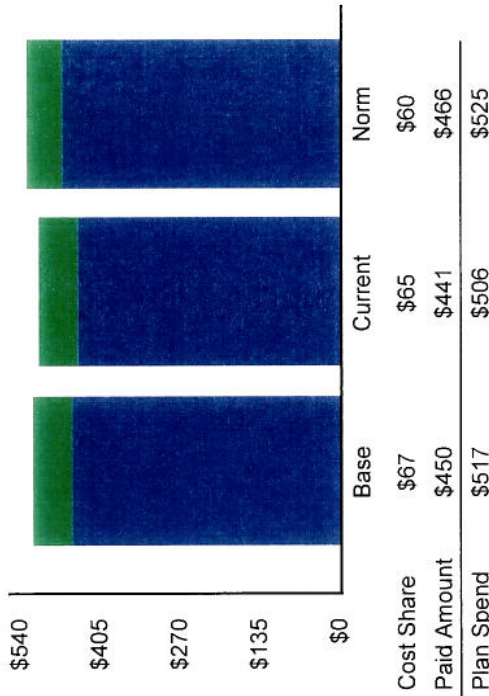
Trend Drivers

- 7% Catastrophic medical claims
- 27% Higher specialty pharmacy spend

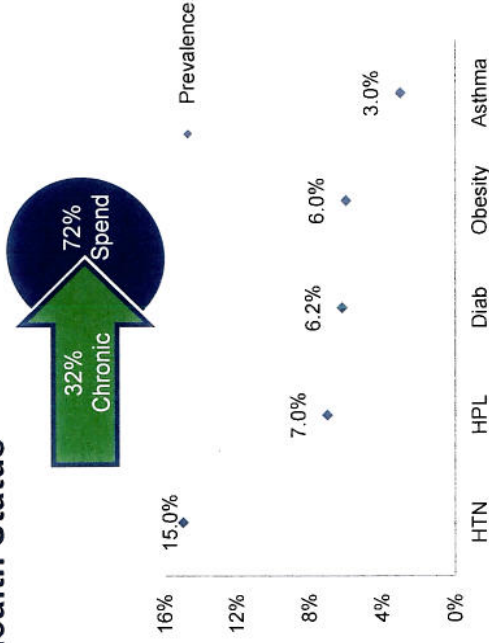
Positive Performance

- Decreased cost per chronic member
- Decreased employee catastrophic claims
- 1.6% increase in generics lowered costs by \$257k

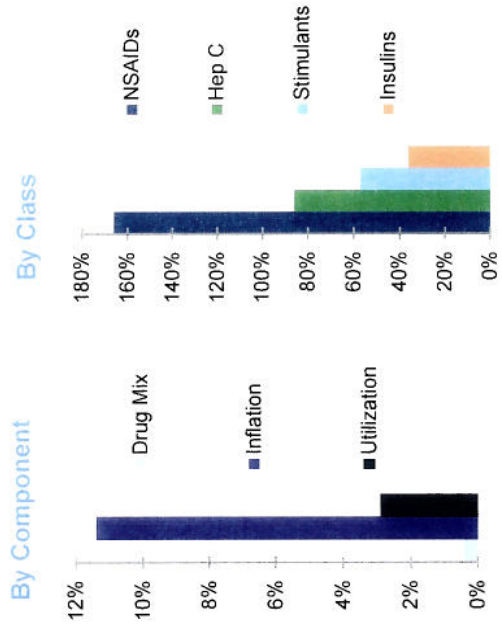
Plan Spend



Health Status

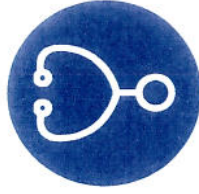


Pharmacy – Trend Drivers



Areas of Influence

- Prevention and compliance – high rate of non-users in claim experience
- Affordability and choice – Cigna Care Designation physicians and Cigna Collaborative Care
- Increase Generics & Improve Rx formulary compliance rates



Medical

- Plan spend in the current period was \$506 PMPM, a decrease of 2.1% from the base period, and 4.0% lower than the norm
- Net employer paid decreased from \$450 PMPM to \$441 PMPM, a decrease of 2.1% while member cost share decreased from \$67 PMPM to \$66 PMPM, a decrease of 2.2%
- Non-catastrophic plan spend increased from \$295 PMPM to \$302 PMPM, an increase of 2.6%
- Chronic cost per member decreased from \$602 PMPM to \$597 PMPM, excluding catastrophic claims
- 21% of the population had no services last year (medical or pharmacy, within claim experience)
- Preventive care utilization in total decreased to 33% for the year
- Overall prevalence of chronic risk is lower than norm, but obesity incidence rate increased during 2015
- Although the number of enrolled spouses is below norm, cost per spouse was 38% greater than that for employees (excluding catastrophic)



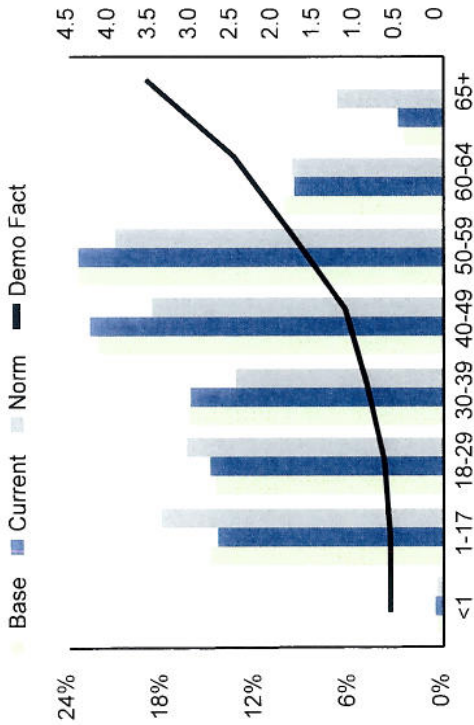
Pharmacy

- Rx spend as a percent of Total HealthCare spend = 25%
 - \$129 PMPM (Norm = \$111)
- Trend w/o Specialty Rx (SRx) was 10.2%
- SRx Plan Spend was \$45 PMPM (N=\$37); trending at 27%
 - Utilizers decreased 15% from 61 to 52 individuals
- Generic Dispensing Rate was 77.4% (N= 78.7%)
- Total Scripts & Days Supply PMPM rose 0.8% & 2.9%, respectively
- Total Employer Paid was \$3,541,797
- Total Customer Cost Share was \$488,840
- Cigna reduced costs by \$2,404,773. The bulk of the savings were achieved through negotiated plan discounts (~\$2.3M)
- Integration with Medical led to notable estimated medical savings of \$274,028. Achieved via closed Gaps in Care (\$6,890, one-third of total Gap in Care savings); Utilization Management of Specialty drugs (\$29,519); and discounts for SRx meds obtained under the Medical Benefit (\$237,619)

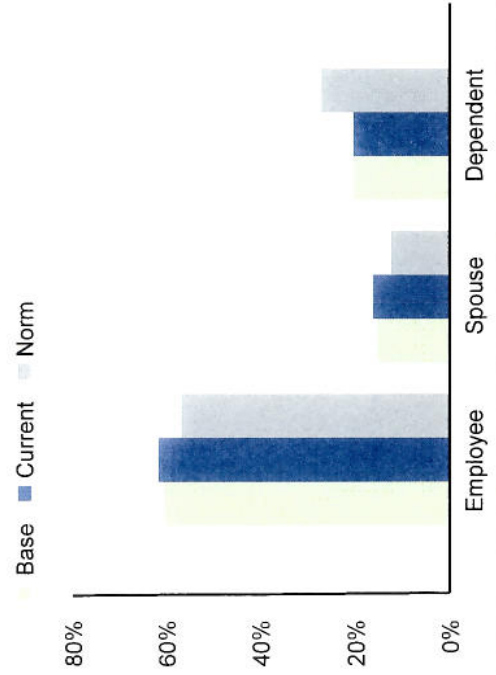


Population Demographic Summary

Percent of membership by age band



Percent of membership by relationship



Key metrics overview

	Base	Current	Trend	Norm
Percent of Pop. Age 40+	55.8%	55.9%	0.1%	53.7%
Average Member Age	39.6	40.2	1.3%	39.1
Average Employee Age	46.4	46.7	0.5%	48.8
Percent of Population Male	60.5%	60.2%	-0.3%	43.4%
Percent of Population Female	39.5%	39.8%	0.3%	56.6%

Average spend by age band

	Base	Current	Trend	Norm
All Members				
40-49	\$425	\$364	-14.2%	\$498
50-59	\$875	\$890	1.8%	\$671
60-64	\$836	\$1,042	24.5%	\$865
65+	\$864	\$1,071	24.0%	\$610
Excluding Catastrophic				
40-49	\$236	\$290	23.1%	\$348
50-59	\$427	\$408	-4.7%	\$435
60-64	\$476	\$599	25.7%	\$515
65+	\$665	\$569	-14.5%	\$408

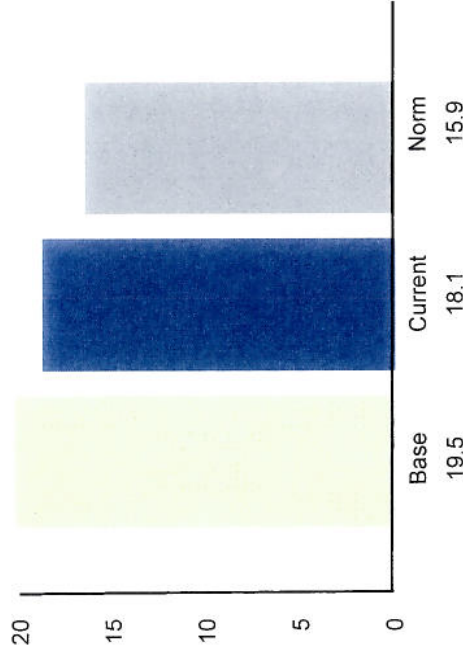
Average spend by relationship

	Base	Current	Trend	Norm
All Members				
Employee	\$537	\$510	-5.0%	\$554
Spouse	\$720	\$820	13.8%	\$710
Dependent	\$304	\$242	-20.2%	\$300
Excluding Catastrophic				
Employee	\$299	\$301	0.5%	\$384
Spouse	\$461	\$487	5.6%	\$452
Dependent	\$161	\$165	2.1%	\$195

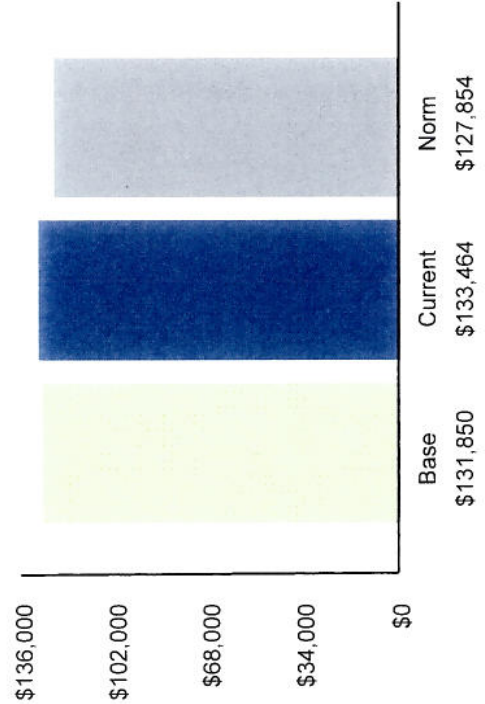


Catastrophic Claim Summary

Catastrophic claimants in excess per 1,000 members



Average plan cost per catastrophic claimant



Member relationship

Members	Base	Current
Employee	35	29
Spouse	13	15
Dependent	3	3
Total Members	51	47

Cost Per Member	Base	Current
Employee	\$128,660	\$138,204
Spouse	\$99,259	\$117,798
Dependent	\$310,293	\$165,972

- Plan cost for catastrophic claimants was \$211.26 PMPM in the current period, or 41.7% of the total plan cost of \$506.09 PMPM
- Plan cost for catastrophic claimants decreased from \$230.45 PMPM to \$211.26 PMPM, contributing -3.7% of the overall -2.1% plan trend
- 39 of 47 catastrophic claimants, or 83.0%, in the current period had a chronic condition
- 61.7% of catastrophic claimants in the current period were employees, 31.9% were spouses, and 6.4% were dependents
- Neoplasms/Cancer was the highest catastrophic category by overall plan spend and number of claimants (10)
- Catastrophic claimant threshold of \$50,000 was used for this analysis

Current Period reflects claims incurred between Jan. 2015 and Dec. 2015, paid through Feb. 2016
 Base Period reflects claims incurred between Jan. 2014 and Dec. 2014, paid through Feb. 2015

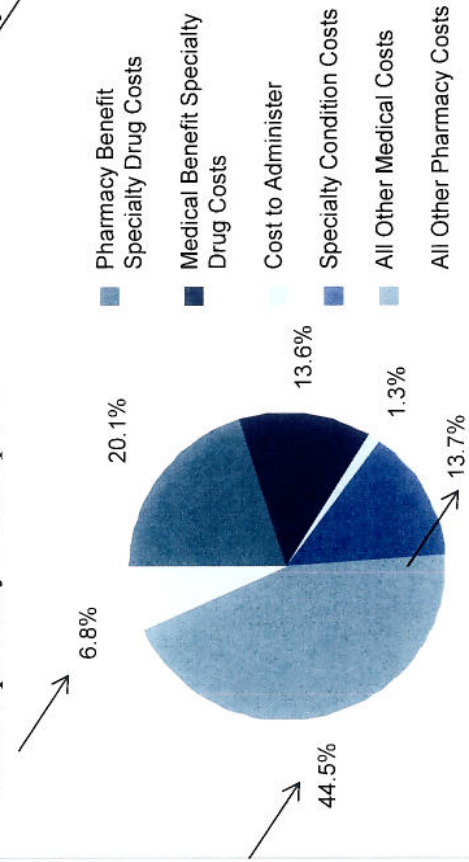


Specialty Pharmacy - Medical and Pharmacy Plan Spend

Account summary

	Total			Medical			Pharmacy		
	Members	Plan Spend	% of Total Spend	Members	Plan Spend	% of Total Spend	Members	Plan Spend	% of Total Spend
Specialty Rx	146(5.1%)	\$7,052,121	46.4%	106(3.7%)	\$5,059,710	45.3%	52(1.8%)	\$1,992,411	49.4%
Pharmacy Benefit Specialty Drug Costs		\$226.07							
Medical Benefit Specialty Drug Costs		\$45.48	9.3%						
Cost to Administer		\$30.72	6.3%		\$958,377	8.6%			
Specialty Condition Costs		\$2.84	0.6%		\$88,678	0.8%			
All Other Medical Costs		\$30.99	6.4%		\$875,933	7.8%		\$90,786	2.3%
All Other Pharmacy Costs		\$100.55	20.6%		\$3,136,722	28.1%			
All Other	2,710(94.9%)	\$8,146,271	53.6%	2,750(96.3%)	\$6,108,045	54.7%	2,804(98.2%)	\$2,036,226	50.6%
Total	2,856	\$15,198,392	100.0%	2,856	\$11,167,755	73.5%	2,856	\$4,030,637	26.5%

Total Specialty Plan Spend - Medical and Pharmacy



Comments

- 146 members(5.1%) of CITY OF CLEARWATER individuals on specialty medications drives \$7,052,121 (46.4%) of the plan spend during the current period.
- 25 members on a specialty medication who stayed in the hospital accounted for \$1,563,996 in spend.
 - 60 hospital stay admissions, average cost per admission \$26,067
 - 315 bed days, average cost per bed day \$4,965
 - 5.3 days average length of stay
- 58 members on a specialty medication who visited the emergency room accounted for \$439,509 in spend.
 - 181 ER visits, average cost per ER visit \$2,428



Top Therapeutic Class Trend

Therapeutic class trend driver analysis by plan spend

Rank	Base	Current	Therapeutic Class	Condition	Base	Current	Plan Spend PMPM	Norm	Unique Members Current	Utilizing Members Trend	Days Supply PMPM Trend	Inflation Trend
1	1	1	Hepatitis A/B/C	Hepatitis SRx	\$12.37	\$23.05	86.3%	\$5.87	7	40.0%	-6.8%	92.1%
2	2	2	Anti-Inflam Disease Modifiers	Arthritis SRx	\$8.51	\$10.39	22.2%	\$8.98	16	6.7%	9.8%	-12.8%
4	3	→	Hypoglycemics	Diabetes	\$6.00	\$7.98	32.9%	\$5.50	128	9.4%	15.2%	31.1%
10	4	→	Stimulants	Narcolepsy SRx	\$4.59	\$7.22	57.3%	\$3.55	80	9.6%	9.3%	56.2%
3	5	→	Lipid Lowering	Cholesterol	\$7.18	\$6.78	-5.5%	\$5.68	233	-8.3%	-5.8%	-5.0%
7	6	→	Insulins	Diabetes	\$4.74	\$6.46	36.2%	\$5.29	47	9.3%	12.3%	42.9%
5	7	→	Asthma Related	Asthma	\$5.81	\$6.08	4.7%	\$4.89	245	-9.6%	-6.8%	-2.3%
8	8		Narcotic Analgesics	Pain	\$4.73	\$5.66	19.8%	\$3.04	429	-11.7%	3.7%	15.8%
9	9	→	Estrogenic/Androgenic/Progest Replacement	Hormone Replacement	\$4.65	\$4.17	-10.3%	\$2.52	111	-9.8%	1.1%	-14.0%
21	10		NSAIDS	Arthritis / Pain	\$1.51	\$4.02	165.8%	\$1.33	252	17.2%	27.5%	97.1%
6	11		Multiple/Lateral Sclerosis	Multiple Sclerosis SRx	\$5.78	\$3.83	-33.7%	\$4.01	2	-33.3%	-45.6%	125.3%
11	12	→	Antidepressants	Depression	\$4.03	\$3.10	-22.9%	\$2.80	324	-1.2%	2.0%	-24.7%
13	13		Antiulcer	Ulcer / Heartburn	\$2.70	\$2.67	-1.0%	\$2.31	153	6.3%	0.4%	-17.5%
15	14		Antivirals	Antivirals	\$2.16	\$2.44	13.0%	\$0.91	98	-14.0%	3.7%	-11.5%
17	15		Antivirals, HIV Specific	HIV SRx	\$2.13	\$2.29	7.2%	\$6.54	5	66.7%	9.2%	-6.7%
			All Other		\$34.90	\$33.07	-5.2%	\$47.58	1,580	-3.5%	3.2%	0.0%
			Total		\$111.79	\$129.24	15.6%	\$110.80	1,784	-4.2%	2.9%	14.5%

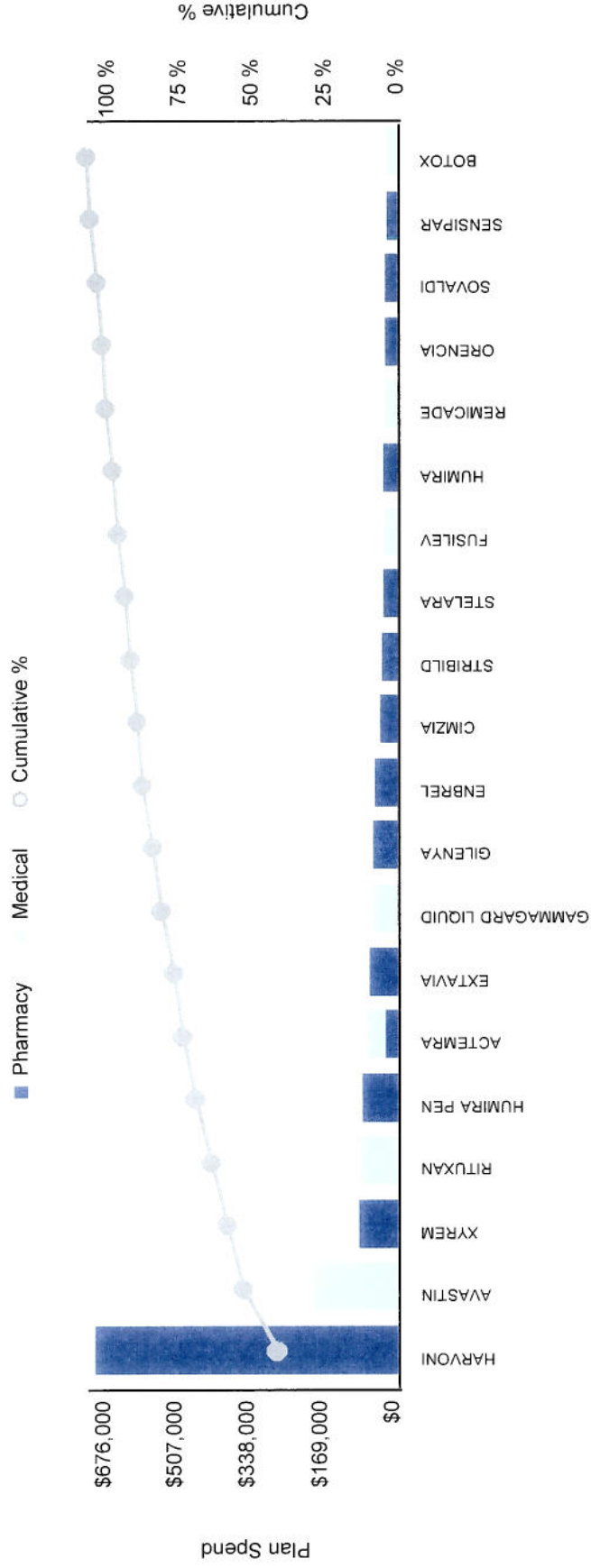
SRx = Specialty Rx

Comments

- 6 of the top 10 episode treatment groups reflect corresponding drug treatments in the top 15 class by Plan Spend (identified with an →)
 - Hypertension; Hyperlipidemia; Diabetes; Chr Sex Gland Disorder; Asthma; Psych/Neurotic Disorder;
- The top 15 therapy classes accounted for 74.4% (\$96.17) of total plan spend PMPM \$129.24 in the current period..
- Hep C leads all classes (\$23.05 PMPM plan spend & 86% trend). Trend drivers are an increase in utilizers, and inflation
- Anti-Inflam Disease Modifiers follow. Trend drivers are drug mix (6 drugs in the top 20) and an increase in days supply PMPM
- Insulins and Hypoglycemics combine for a PMPM plan spend of \$14.44 PMPM. Trend drivers reflect a large influence from inflation and a greater shift to Pen needle devices



Specialty Pharmacy - Medical and Pharmacy Claim Experience by Drug



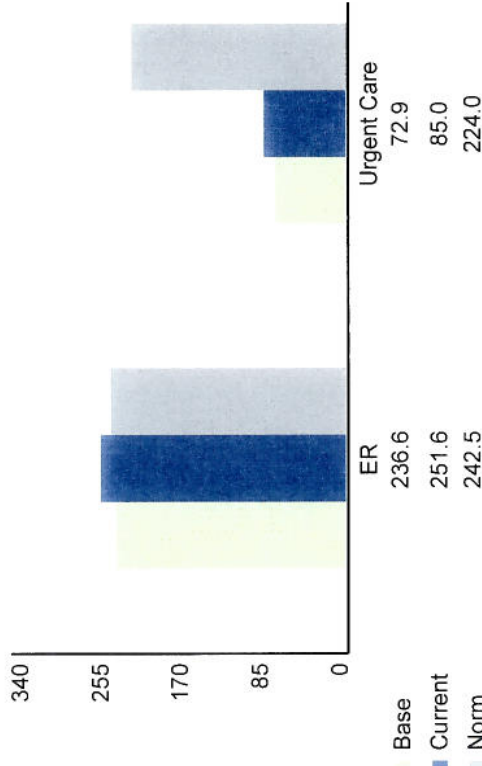
Comments

- The above top 20 specialty drugs represented 86% (\$1,723,074) of total specialty plan spend (\$2,010,356) in the current period

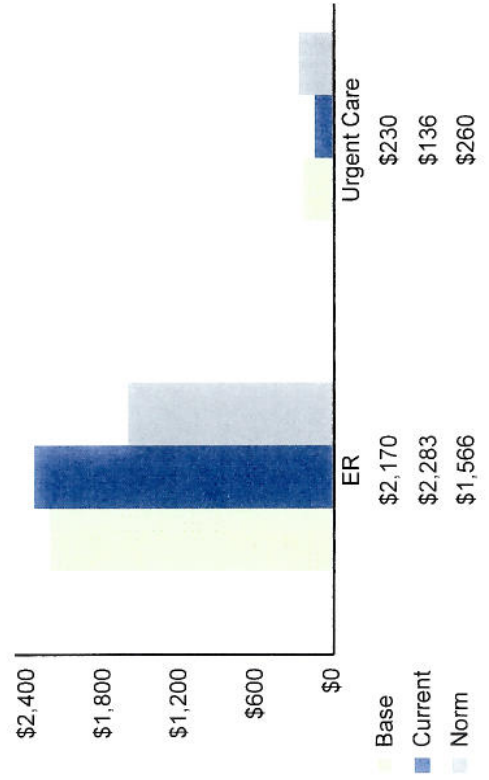


Outpatient - Emergency Room and Urgent Care Detail

Facility outpatient utilization per 1,000 members



Facility outpatient cost per visit



Account summary (PMPM basis)

	Base	Current	Trend	Contribution	Trend
Emergency Room	\$42.78	\$47.87	11.9%	11.9%	1.0%
Urgent Care	\$1.40	\$0.97	-30.9%	-30.9%	-0.1%
Total Outpatient Facility	\$121.88	\$105.71	-13.3%	-13.3%	-3.1%
Total Plan Cost	\$517.12	\$506.09	-2.1%	-2.1%	-2.1%

Cost & utilization trends

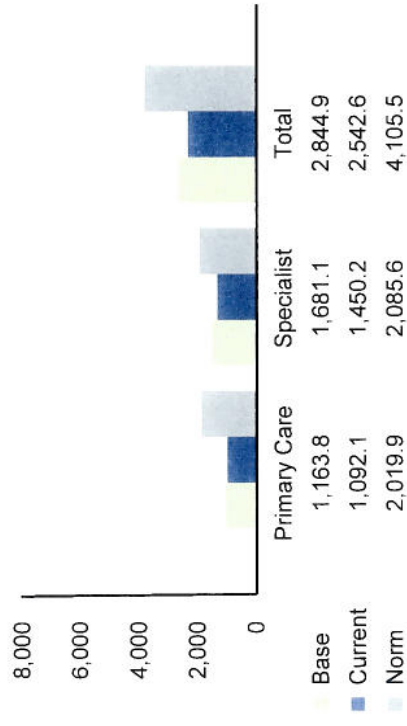
	Visits Per 1000			Cost Per Visit		
	Base	Current	Trend	Base	Current	Trend
Emergency Room	210.6	216.6	3%	\$2,345	\$2,512	7%
Non-Steerable	25.9	35.0	35%	\$747	\$870	17%
Urgent Care	72.9	85.0	17%	\$230	\$136	-41%

- In the current period, 91 emergency room visits were steerable representing potential redirect savings of up to \$66,780
- Current period urgent care cost per visit was \$136, compared to emergency room steerable cost per visit of \$870
- Of the steerable emergency room visits, 98% had a contracted urgent care facility within 5 miles
- The 24 Hour Health Information Line received just 6 calls during 2015 for triage counseling

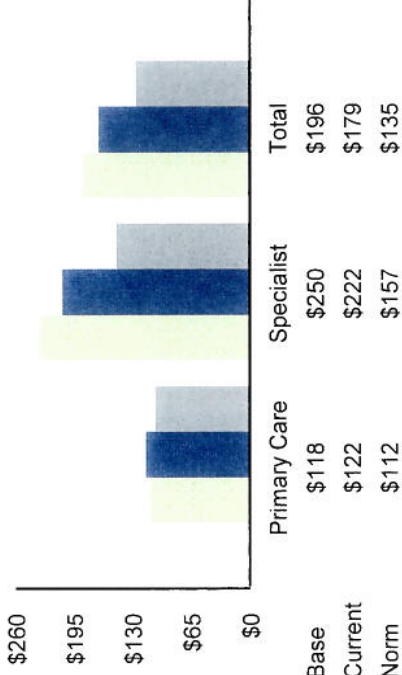


Office Visits

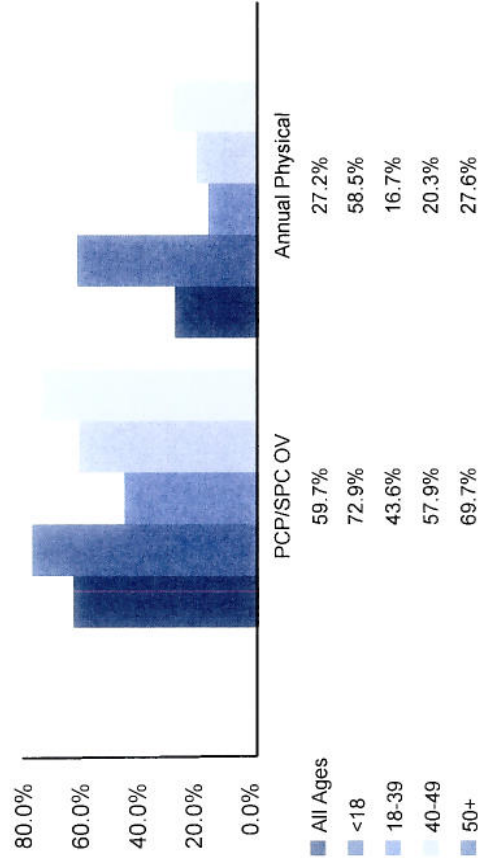
Office visits per 1,000 members



Average plan cost per office visit



Current period OV & preventive utilization



- 65% of individuals ages 40 and above received care from a PCP and or Specialist in the current period
- Plan spend for Specialists in the current period was \$27 PMPM compared to \$11 PMPM for Primary Care Physicians
- Specialist Evaluation & Management cost decreased from \$14 PMPM to \$13 PMPM, a decrease of 6.8%