

Central Washington Public Utilities
UIP (Unified Insurance Program) Quarterly Trustee Meeting
Douglas PUD, 1151 Valley Mall Parkway, East Wenatchee WA 98802
Tuesday, August 29, 2017
MEETING MINUTES

Roll call

The meeting was called to order at 10:08 a.m. by Chair Wenner. Those attending the meeting included:

<u>PUD</u>	<u>Trustees</u>	<u>Alternate Trustees</u>	<u>Treasurer</u>
Benton	Melina Wenner	Jody George	
Douglas	Barbara Davis		
Ferry	Marilee Kuehne		
Franklin	Carrie Locke	Sylvia Hubbard	
Grant	Annette Hernandez	Darla Stevens	
Okanogan		Katie Pfitzer	Rob Gillespie
Pend Oreille			

Alliant: Keith Robertson, Kim Chawes, Schuyler Briscoe, Christian Rothrauff

CliftonLarsonAllen: Connie Olson

IBEW Local No. 77: Brian Gray, Tim Barnett

Meeting Minute Approvals

Trustees reviewed the quarterly minutes distributed in advance of the meeting for the meetings held on:

- April 26, 2017
- May 11, 2017
- June 8, 2017

Motion was made by Alternate Trustee Pfitzer and seconded by Trustee Locke to approve the minutes from the meetings held on April 26, May 11, and June 8, 2017. Motion passed unanimously.

Treasurer's Report - Trust Income & Disbursements (Q2)

Connie Olson, consultant with CliftonLarsenAllen provided an overview of the Financial Report for the period April 1, 2017 through July 31, 2017. Trustees discussed the Reserves Balances Report footnotes and increasing the frequency of updates on footnote number three (3). Also discussed was the IBNR Reserve balance compared to prior years.

Motion was made by Trustee Davis and seconded by Alternate Trustee Pfitzer to approve the Financial Report for the Trust for the period April 1, 2017 through July 31, 2017. Motion passed unanimously.

Outcome/Future Actions: Christian Rothrauff from Alliant agreed to provide Ms. Olson and Chair Wenner with a worksheet containing the details that support the figures in footnote three (3). Upon receipt the worksheet is to be distributed to Trustees for review and further discussion.

Benefits Video – GoAnimate

Chair Wenner shared with Trustees that after surveying all Trustees regarding their interest in access to GoAnimate, all but one (1) had requested access. Trustees entered into discussion regarding the cost and how the training video service would be used. Trustees also discussed the likelihood that Premera and Symetra would reimburse for the service in future years. Schuyler Briscoe with Alliant indicated that the GoAnimate reimbursement would be negotiated annually and that during initial negotiations Alliant indicated to supporting providers that the UIP would likely make this an ongoing request so they are aware that future requests may be submitted.

Motion was made by Trustee Davis and seconded by Trustee Hernandez to move forward with the purchase of the GoAnimate annual subscription that includes six (6) seats for a total not-to-exceed amount of \$4,439.00 to be paid initially by the UIP with equal amounts of the total cost to be reimbursed by Premera and Symetra. Motion passed unanimously.

Outcome/Future Actions: Alternate Trustee George and Pfitzer will initiate the process to purchase the subscription.

Report from Broker

1) Experience Reports for Claims Paid January 1, 2017 – July 31, 2017: Mr. Briscoe during his report on the UIP's medical, dental and vision plan experience indicated the following:

- Current medical/RX plan year to dates total cost to budget is 93.3% and that the current rolling 12 months indicates total cost to budget of 98.8%, which indicates that the plan is running close to the budget.
- The UIP experienced movement from the PPO to the CDHP Plan between January and July 2017.
- The CDHP Plan is performing better than the PPO Plan, which is traditionally what occurs.
- Vision during the most recent 12 months is running 100% to budget.
- The Aggregate Stop Loss Analysis indicates that the accumulated tally of maximum exposure to claims liability is running at 72%.
- Specific Stop Loss Analysis indicates that a low risk score and low probability that the plan will incur additional high costs for the claims that currently exist.
- The Historical Trend for large claims, medical, and RX indicates better than norm performance. Trustees discussed increases in RX spend and the factors that may be contributing to the increase in costs (i.e., drug cost adjustments, general increases in RX

cost per prescription during initial fill, and how RX spend is increasing faster than healthcare).

- 2) Compliance Update:** Kim Chawes with Alliant shared with Trustees that Healthcare Reform requirements continue under the current Administration and that slight changes have been made to the IRS Form 1095 and 1094; adding that it is unclear whether or not the Good Faith Effort clause provided in prior years would in fact be in effect when employers report 2017 enrollments. Ms. Chawes mentioned recent Administration changes that remove subsidies for one month and the uncertainty surrounding the continuation of this limitation in the future.

Regarding the recently enacted WA Paid Family Leave Law Ms. Chawes shared that Alliant does not typically include leave related benefit administration in their book of business; however, it does appear to intersect with what they do for clients. Trustees discussed the provisions of the new law and asked that Alliant keep them apprised as more information becomes available. Trustees also discussed the employer opt-out-option provided within the Act, the importance of looking at how the Act intersects with the Short-term disability benefit, and provisions around eligibility.

Outcome/Future Actions: Chair Wenner asked Alliant for guidance from their compliance department on the opt-out-option and other provisions of the Act. Alliant agreed to invite their compliance department to the next UIP General Meeting.

- 3) Deerwalk Analytic Report Update:** Ms. Chawes with Alliant updated Trustees on the status of the Deerwalk Agreement, stating that the Addendum to Alliant's Agreement has been executed and the Business Associate (BAA) and Confidentiality Agreements have both been submitted to Premera. Ms. Chawes shared that the goal is to deliver the first analytic report to Trustees during the first quarterly meeting in 2018. Mr. Rothrauff shared that the Deerwalk analytics provided through their warehouse service will ultimately help the UIP determine the return of investment related to plan design; recommend areas where the UIP needs to develop more effective education; and a means to benchmark costs relative to other plans. Trustees discussed the types of programs Alliant has helped employers implement based on report results. In response, Mr. Rothrauff shared multiple examples of how the reports provided had been utilized to implement educational campaigns, programs and services for their clients. Trustees discussed and agreed to consider rescheduling the January 24, 2018 Quarterly meeting to an alternate date in February.

Outcome/Future Actions: Chair Wenner agreed to provide alternate options in February for the Q1 General Trustee meeting.

- 4) 2018 Renewal Overview:** Mr. Briscoe provided Trustees with an overview of Alliant's initial renewal position statement; highlighting that with the renewal increases in medical administration, stop loss, maximum claims liability, vision claims funding and PCORI fees and a decrease in dental claims equates to total funding percent change of 4.67%. Trustees entered into discussion regarding vision claim funding needs and how the hardware benefit renewal in 2017 may have contributed to increased experience under the plan. Mr. Briscoe clarified that the position statement looks at overall costs to members and because of this, includes figures for plans not funded by the Trust (i.e.,

VEBA funding, COBRA and FSA administration). Trustees also discussed the uniqueness of the UIP Stop Loss contract and the recent credit received for good experience and how the increase will be less the credit received. Mr. Rothrauff reminded Trustees that stop loss is cyclical and that the UIP will have average experience for a few years and then will experience an above average experience year.

- 5) **2018 Rates:** Alliant presented for consideration their proposed rates and contributions for the 2018 renewal, indicating that based on actual claims experience and trend factors they are projecting a need for a 9.7% increase in medical funding; a 7.29% reduction in dental funding; and a 2.05% increase in vision funding. Mr. Rothrauff provided a detailed explanation as to how funding needs for these plans are projected. In his summation Mr. Rothrauff explained how national trend, actual claims experience to budget and future claims projections are logically factored into the calculation. Discussion ensued regarding the weight given to current vs. later claims experience, the effect of CDHP migration, the use of national trend in the logic, funding projections for self-funded compared to fully insured plans, and historical UIP trend.

Trustees discussed how CDHP migration may not necessarily result in a different funding scenario and how as claims go down due to the employee liability in the CDHP, decreased revenues due to the lesser premium which likely offset any savings experienced by migration.

Trustees shared a common interest in finding solutions that reduce the proposed medical increase and discussed at length several options; including but not limited to using the dental decrease to get closer to a rate pass on the medical and the feasibility of buying down with assets in excess reserves. Trustees discussed the risks associated with utilizing reserves to fund the medical plan and how an actuarial assessment and subsequent recommendation would be helpful in determining the appropriateness of using reserves to mitigate the increase. Alliant proposed that Trustees defer making a decision and allow them to first conduct an actuary review of the assets within the excess reserves and make a recommendation on the appropriateness of using assets within the reserves to offset the rates.

Outcome/Future Actions: After some discussion, Trustees agreed to Alliant's proposal to conduct an actuarial review and to defer all rate setting decisions to the UIP Administrator/Special Meeting scheduled to occur on September 14, 2017. Alliant agreed to deliver their recommendation to Trustees by Wednesday, September 6, 2017.

- 6) **Premera Summary of Contract Changes:** Alliant presented the following Renewal Considerations for discussion:

- **Medical/RX - Teledoc:** Mr. Rothrauff provided a recommendation that Trustees withhold from including Teledoc until review of the Deerwalk IDAP report; adding that the report will show emergent care utilization and with that information in hand Trustees can look at the pros and cons of offering this service to members. Trustees expressed some interest in looking at vendors outside of Teledoc which

Alliant advised against as there are significant benefits to including the service in the agreement with the medical plan provider. Trustee Davis suggested that telemedicine information be included in open enrollment materials and during the following year the Trust monitor utilization of this service which is already available to members through the medical plan. Chair Wenner suggested that further discussion on Teledoc be deferred until which time the Trustees have had sufficient opportunity to review the report and consider how to proceed with the service as a cost containment strategy.

Outcome/Future Action: Trustees agreed to defer Teledoc discussions to the next renewal. Ms. Chawes agreed to include telemedicine information in the open enrollment packet.

- **Medical/RX - Premera Summary of Contract Changes:** Carmen Winters, Account Manager with Premera joined the meeting after the lunch break and updated Trustees on the following Premera contract changes:
 - Community Wellness Benefit. Ms. Winters explained to Trustees that effective January 1, 2018, Premera would no longer provide the Community Wellness Benefit to any members due to recent changes in IRS regulations. Ms. Winters reported that utilization of the benefit was minimal and that members with medical related educational needs would still have coverage under other preventative provisions of the medical plan. Trustees discussed impact and the importance of communicating to employees during open enrollment the removal of this provision from the medical plan.

Outcome/Future Actions: Alliant will include details about this benefit change in the open enrollment materials for the 2018 renewal.

- Incentive benefits for home sleep study kits. Ms. Winters reported to Trustees that Premera is implementing an incentive program for fully insured programs that is optional for self-funded plans. She shared that Trustees have the choice to add the Home Sleep Study Kit option to the plan design and that if approved, members would receive a cost share incentive for opting for a home study instead of a facility test. Carmen reiterated that if implemented members would still have choice; however, if they choose to go to the lab they and the plan will pay more it gives a cost share incentive to the member and gives the Trust some financial relief. Ms. Winters updated Trustees on the process and cost differences between a facility sleep study (approximately \$1000) and the new home sleep study option (approximately \$400 and not subject to medical review) being offered by Premera.
- Benefit Booklet Changes. Trustee Davis asked Ms. Winters if Premera had communication materials that could be distributed to members relative to pill splitting. Ms. Winters indicated she would need to research the whether a flyer is available and if it is, she would forward it to Trustees.

Carmen left the meeting at 12:49 PM. Following her departure Trustees discussed the claims cost and impact to premium.

Motion was made by Trustee Davis and seconded by Trustee Hernandez to approve the inclusion of the incentive program for the home sleep study kits into the UIP medical plan design. Motion passed unanimously.

- **Dental – Preventative Application to Annual Maximum:** Ms. Chawes stated that preventative services provided under the dental plan currently apply to the annual maximum. Ms. Chawes suggested that Trustees consider removing preventative from the annual maximum accumulator and that by doing so, the UIP would experience an approximate 2.5 to 3.0% increase in claims. Discussion ensued; Trustees expressed an interest in knowing what services members are not getting because of the maximum limit and the importance of them getting the care they need, when they need it. Trustees also discussed funding impact if preventative were removed from the maximum. Vice Chair Hubbard suggested that Trustees look at utilization figures and types of services obtained before making a decision on this change.

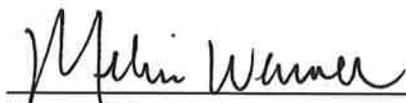
Outcome/Future Actions: Ms. Chawes agreed to request a summary from Delta Dental on the number of members who have hit the maximum in 2016 and 2017 and of those who have hit the maximum, in what increments.

Administrative Items

- 1) **Administrative Services Reimbursement:** Chair Wenner shared with Trustee's that Benton is tracking administrative services hours and following Leah's return and subsequent instruction on the process, will be submitting a reimbursement request to the UIP.
- 2) **Q4 UIP Meeting Date, Location & Agenda:** The parties discussed the agenda for the October 25, 2017 general meeting and agreed the meeting will be held at Douglas PUD. Alternate Trustee Pfitzer proposed that the quarterly general meetings span two (2) day period vs. one (1) in the future and reducing the number of meetings to two (2). Trustees discussed the possibility of implementing this new meeting structure in 2018.

Meeting adjourned at 3:30 PM

Approved by Trustees on December 12, 2017



Melina Wenner, Chair

/jag