



**Minutes of the Special Meeting of
CWPU Unified Insurance Program (UIP)
April 11, 2019**

The special meeting of the CWPU UIP was held at Douglas PUD, 1151 Valley Mall Parkway, East Wenatchee, WA 98802 on April 11, 2019 at 10:00 a.m., pursuant to proper notice thereof.

The meeting was called to order by Chair Conover at 10:04 a.m. The following individuals were in attendance:

<u>Trustees</u>	<u>Alternate Trustees</u>	<u>Administrators</u>	<u>Public Utility District</u>
Melina Wenner	Jody George		Benton PUD
Barbara Davis			Douglas PUD
Marilee Kuehne			Ferry PUD
Carrie Locke	Sylvia Hubbard		Franklin PUD
Annette Hernandez	Darla Stevens		Grant PUD
	Katie Pfitzer		Okanogan PUD

Others in attendance:

UIP Auditor: Juan Esparza
Alliant: Kim Chawes

Claims Audit Review

Ms. Hayashi, Account Executive with CTI joined the meeting to review the executive summary of the 2017 claim administration audit. CTI audited Premera’s claim administration of the CWPU UIP medical and vision plans for the period of January 1, 2017 through December 31, 2017. The audit included a random sample of 125 claims (72 medical, 50 prescription and 3 vision claims, proportionate to their incidence in the population file provided by Premera). Using CTI’s most recent 100 claim audits as a benchmark, Premera’s performance was in the 4th quartile for financial accuracy and accurate payment, and in the 3rd quartile for accurate processing. Premera’s claim turnaround time on a complete claim submission was 8 days, which is typical for the industry.

CTI cited two financial errors that represented \$64.40 in overpayments: 1) a claim with a medical diagnosis that was paid at 100% as preventative, and 2) payment of a professional radiology component in which no technical component was billed. Typically, a technical component (x-ray) must exist prior to payment of the professional radiology component (reading of the x-ray). Premera has made the administrative decision to pay claims in the order they are received, which CTI is not considering as best practice.

The audit also identified a processing error concerning coordination of benefits for a member who had primary insurance coverage. In addition, the audit identified two claims in which the family deductibles

were over-accumulated. CTI recommends to request Premera perform an impact analysis to identify any other CWPU-UIP members with over-accumulated deductibles and out-of-pocket maximums.

Premera completed an extensive operational review questionnaire to identify procedures and internal controls. Following the operational review, CTI provided the following recommendations:

- Verify all performance metrics were met and no credits were owed to the plan;
- Investigate if the two customer service measurers can be tracked and measured for CWPU-UIP's book of business;
- Request periodic coordination of benefit savings reports to monitor claims reimbursed by other insurance and identify emerging trends;
- Talk to Premera about the administrative decision not to pursue overpayments under \$25 to understand the financial impact to the plan by not pursuing all overpayments;
- Review overpayment reports and discuss root causes of overpayments with Premera and verify that the plan is not charged recovery fees due to Premera's administration;
- Request subrogation recovery reports and monitor investigations;
- Talk to Premera about payment methodologies other than billed charge for ambulance services.

CIT conducted a plan documentation analysis and found one inconsistent provision relating to the ACA preventative drug list. The PPO plan applies patient cost shares for some preventative medications, while no cost shares apply on the CDHP plan.

Ms. Hayashi reminded the Trustee that originally the CWPU-UIP has hired CTI to perform an electronic screening, which would have provided a more robust audit. While the current language in Premera's contract doesn't prohibit target sampling and electronic screening, Premera had taken the position to only allow random claims sampling. She suggested to include language in the contract with Premera that allows the CWPU-UIP to decide the audit scope and audit methodology.

In closing, Ms. Hayashi suggested that CWPU-UIP perform a follow-up audit to verify Premera has made the recommended improvements and offered eight hours of post-audit time to help create an implementation plan, as provided by our contract with CTI. Ms. Hayashi left the meeting at 11:00 a.m.

Discussion ensued about Premera's administrative policy to pursue subrogation claims once the total charges reached \$2,000 or more. The Trustees would like to see a lower threshold that triggers the subrogation of claims. The option of showing subrogated claims reimbursements as a line item on the financial report was discussed. Mr. Esparza requested to clarify findings vs. recommendations before finalizing the executive summary.

Outcome/Future Action:

- Alliant will follow up with Premera and CTI regarding the identified errors and recommendations.

RFP TPA Discussion

Ms. Chawes started the discussion by reviewing the UIP’s vision and mission statement. She reminded the Trustees that public stewardship and cost containment opportunities such as PBM carve-out and partnering with Asserta initially drove the discussion of issuing an RFP. Additional considerations are member tools, wellness initiatives and the opportunity to bundle other lines of coverage. The Trustees reviewed and discussed cost comparison of administrative costs and offerings, network disruption, plan administration differences, other cost containment considerations, and performance guarantees. Ms. Chawes pointed out that annual estimated savings for PBM carve-out and Asserta are very conservative. She further informed the Trustees that the claims repricing performed by Milliman will be completed by April 17, 2019. Vice Chair Hubbard shared feedback received from references provided by Cigna.

Discussion ensued about network disruption with the majority of the out-of-network providers being mental health, alternative medicine, home health and durable medical equipment. Ms. Chawes shared that transition of care may allow members to continue to receive services for specified medical and behavioral conditions with health care providers who are not in the Cigna network at in-network coverage levels for a period of time following the change to Cigna.

Outcome/Future Action:

- Alliant will reach out to Cigna to find out why 68 of the out-of-network providers are not interested in contracting with Cigna.
- Alliant to draft language around the network growth performance guarantee that is more meaningful to the CWPU-UIP.
- Alliant will provide a utilization report of covered benefits that Cigna will not be able to administer without making a change to plan design.

The meeting was adjourned at 1:55 p.m.

Approved by Trustees on April 24, 2019

x Melina Conover

Melina Conover, CWPU UIP Chair