**LMBC Meeting Minutes**
January 14, 2025
Zoom Meeting
Compiled by Maria Xiong

**LMBC Members:**
Tom Armstrong, Mgmt - Present
Jamie Doscher, Labor - Present
Blake Dye, Mgmt - Present
Vince Elmore, Labor - Absent
Kim Epling, Mgmt - Present
Margaret Evans, Mgmt - Absent
Leslie Goodlow, Mgmt Co-Chair - Absent
Casey Hettman, Labor - Present
Claire Houston, Labor - Present
Rob Hutchens, Labor - Present
Lex Jakusovszky, Mgmt - Present
Michele Juon, Mgmt - Absent
Nick Kreimeier, Labor - Present
Isaac McLennan, Labor - Present
Nicole Powell, Mgmt - Present
Jenny Scott, Labor - Present
Amy Tuttle, Mgmt - Present
Carolyn Welch, Labor - Present
Rachel Whiteside, Labor Co-Chair - Present
Ron Zito, Mgmt – Absent

**Aon:**
Megan Poppe
Jennifer Weddle
Nicole Persson

**Staff:**
Michelle Taylor
Santos Aguilar
Maria Xiong

1. **Meeting Call to Order:** Co-Chair Rachel Whiteside called the meeting to order at 3:03PM.

2. **Discussion of any required changes to meeting minutes.**
November 19, 2024 minutes adopted as written. December 16, 2024 meeting minutes will be available ahead of the January 21 meeting.

3. **2025-26 plan year renewal Aon presentation**
Michelle Taylor started this section by stating the initial renewal numbers were shared late December and this would be the first time the group reviews the annual renewal process. She also stated the Aon side deck will be shared in a follow-up communication after the meeting as edits were added until the meeting start time, as information was still coming in.

Nicole Persson with Aon began the presentation by introducing the executive summary (slide four), sharing the preliminary projection from Moda is 16% and Kaiser is 13.7% for an overall weighted increase of 13.3%. The renewal increase is driven by the deficit from the 24/25 fiscal year and the overall claims trend. Moda Dental and VSP Vision plans are expected to see rate decreases.

Tom Armstrong asked about the shortfall and the gap the committee is working to address. Michelle responded the 2025-26 fiscal year budget includes an 8% increase in health benefits and the committee is tasked with recommending solutions to evaluate changes which bring the increase to various levels, including 8%, 10%, 12%, and 15%.

Nicole Persson moved on to slide five and explained reserve funds may be depleted if claims cost continue to surpass the amount of premiums collected by employees and bureaus, as last year's overages were not fully addressed. With an expected shortfall of about $10 million remaining in the reserve, starting the 2025/26 plan year with limited reserve amounts is not recommended. Without reserve funds available, claims exceeding the collected premiums will put the City at risk of not having money available to cover the claims costs. Megan suggested a plan to begin rebuild the reserve and asked if LMBC would be support the need.

Rob Hutchens asked how the $10 million in reserve will be depleted despite the additional surcharge from the City and employees. Nicole Persson explained that expenses have continued to exceed premiums, with a 12% shortfall last year. The additional reserve dollars helped cover Moda and Kaiser rates, but premiums have not increased while expenses, including IBNR have risen. It is advisable to maintain at least $10 million in reserve to cover availability risk (RBC). This $10 million reserve has been gradually used throughout the year to maintain coverage, and by the end of the 2024-2025 plan year, the reserve will be depleted.

Rachel Whiteside asked if LMBC could make a one-time funding request for the reserve and Rob Hutchens mentioned the current year’s surcharge in addition to the one time money from the City. Rob wanted to know if the extra money came from this reserve. Michelle responded there was one-time funding from the general fund to bridge this gap, per Council ordinance and letter of agreement. One-time City funding and the employee surcharge are split between Kaiser and the self-funded plan. A much larger amount goes towards Kaiser due to the gap between 8% and the 14% renewal.

Michelle added some of the high-cost claims hitting the current plan year are still estimates, but it's important to address not only the high percentage of the renewal increase but also how to rebuild the reserve. This could involve strategies such as increasing premiums or requesting additional funding from City Council. Michelle stated BHR is having discussions about the level to which the reserves need to be replenished.

Megan moved to slide six, which shows the overall renewal summary. Many of the City’s contracts are in multi-year agreements and/or rate guarantees. The Moda ASO fees will increase 1.6% and the preliminary stop loss increase is estimated at 18%. Kaiser is at 13.7%. Delta dental is in a rate guarantee so no increase to the ASO fee. Kaiser dental renewal is favorable at negative 1% and there are no changes to VSP/Standard/Carrot/ESI. EAP renewal information has already been shared and details are located in the appendix. Navia is also in a rate guarantee so there are no increases in fees.

Megan moved to slide eight, highlighting the top three claim drivers (diabetes, cancer, and musculoskeletal) for the City’s self-funded plans. This information was shared during the vendor presentations in November and December, but Aon wanted to highlight as the committee looks towards plan design changes for 2025-26. The City spends approximately $1.3M annually for prescription claims attributed to diabetes. Cancer is the City’s top category in large claims paid. Musculoskeletal rounds out the top three with $3M in physical or other therapy.

Moving on to slide nine, which provides total claims cost for the top 25 claimants for 2023-24. These are for medical and pharmacy claims totaling over $250k. These claimants are driving over $10M in total claims. None have reached the City’s stop loss level at $1.2M but the top claimant was close.

Rob Hutchens asked why we don't have Kaiser high cost claimant data. Megan explains Kaiser doesn't have stop loss insurance, making the situation slightly different as a fully insured plan. Megan then referred to slide 39 in the appendix, which has some information related to Kaiser medical high cost claimants. Kaiser uses a threshold of $230k. Blake Dye inquired about other common diagnoses, excluding cancer, that contribute to high medical costs. Megan mentioned premature births, nervous system-related claims, and post-surgery infections as examples. Nicole Persson mentioned incidents like car accidents are unpredictable, emphasizing that stop loss insurance is designed to cover unexpected, high-cost events.

Nicole Persson moved to slide 10, and explained the concept of stop loss insurance. Nicole explained that a low stop loss threshold (e.g., half a million dollars) generally means the premium is high where a high stop loss threshold means the premium is lower. A high premium may be due to the administrative costs needed for specialized management of these claims, making it an expensive process. Nicole explained the City has not lost money due to the higher stop loss levels. Rachel asks if there's a slide showing the average number of claims hitting stop loss or if last year was an outlier in terms of claims frequency. Nicole Persson responded last year was not an outlier. They explained that having one or two claims is typical for a group of the City's size, but if the number increases to three or four, it becomes concerning. Generally, seeing one claim is normal, but any more could indicate a problem.

Megan moved to slide 11, which shows a visual of how medical and pharmacy claims are the largest driver of costs for the self-funded plan. 94% of all premiums go directly to paying claims. 6% of the fees are administrative to help pay for stop loss coverage, Moda ASO fees, and City fees.

Megan moved to slide 14, reiterating the LMBC values established earlier in the year in coordination with the facilitator highlighting quality, equity, and financial responsibility.

Moving on to slide 15, Megan started going through proposed changes as the committee continues discussions on how to get to the various 8%, 10%, 12%, and 15% scenarios.

Options on slide 15 have no plan design impact:

1. Moda Dental, Intellectual and Developmental Disabilities, adding sedation services are covered under class II benefits for members with intellectual or developmental disabilities. Negligible claims impact.
2. Removing the prior authorization for nutritional therapy under Moda Medical. Negligible claims impact.
3. OHSU virtual visit to be replaced by CirrusMD to expand virtual visit access to 24/7. This would keep benefit levels at the same $10 co-pay. There would be a $55 charge to the plan per seven-day incident use and incident does not need to be the same.
4. ESI pharmacy, SafeguardRx pulmonary care value- specifically for members with asthma or COPD; designed to help members overcome adherence challenges, prevent symptoms, and avoid exacerbations. 90 members would currently qualify with negligible premium impact.
5. Adjust employee contribution percentage an employee paying 7% and the City paying 93% or employee paying 8% and the City paying 92% which shifts the cost of contributions.

In response to item five, Rob Hutchens wanted to know if the City is planning to continue the 95% City contribution as required under collective bargaining agreements. Michelle clarifies this

item is for illustration only and not a recommendation. She also reminded the group that item three, CirrusMD, was proposed in the past but voted down. Michelle recommended it be considered again in response to members needing access outside of regular business hours. CirrusMD focuses on providing timely care, reducing the need for emergency and urgent care, which is a valuable benefit. The OHSU benefit was approved in 2019, prior to the COVID pandemic and it leaves members wanting more. At the time, it was a great benefit but Michelle recommends this committee review as there are more expansive offerings.

Megan asked the group to provide indicator of a yay or nay to help move through the section so they can better provide information in the next meeting. Megan stated having a temperature check along the way can help Aon determine where time needs to be spent. Carolyn Welch responded to Megan stating nay to item five and asked for additional clarification for item three.

Megan provides the example of contacting CirrusMD for one incident and reaching back out again within the 7 days window, it would cost the plan $55 and any additional outreach within the window does not need to be the same issue as the first. OHSU visits typically cost the plan over $100 for each visit. Item three would still allow members access to OHSU but at the regular plan cost share. This proposal isn't necessarily replacing coverage

Megan then moved to slide 16 and began going through items six through 12, which have no plan design impact but have potential savings.

6. Based on lower utilization and last year's changes to dental, these rates are coming in lower than expected. Item six recommends moving these savings to Moda medical to help offset costs. This 0.5% decrease is already reflected in the renewal projection on slide four.
7. Offer Sword virtual musculoskeletal therapy under Moda medical. This is an alternate (not replacement) program for physical therapy in a virtual setting. The cost would be $1,080 per participant, per year and the savings analysis is pending.
8. Offer Hinge Health virtual musculoskeletal therapy under ESI benefits. This is an alternate (not replacement) program for physical therapy in a virtual setting. ESI estimates 812 members would be eligible and this benefit would result in a 0.6% premium reduction.
9. Offer Virta under Moda medical. Virta is to help members lose weight and ultimately reverse diabetes. This is a voluntary program and charges of $3,048 per year would be per engaged member.
10. Enlist EviCore specifically for utilization management under Moda medical
    - Advanced imaging estimated cost of $68k annually, resulting in a 0.1% reduction in premium.
    - Cardiology management estimated cost of $68k annually, resulting in a 0.1% reduction in premium.
    - Musculoskeletal review estimated cost of $123k annually, resulting in a 0.1% reduction in premium.
11. Moda medical surgery Center of Excellence (COE) offers access to surgery COE, musculoskeletal services or cancer support. This option will not prevent members from choosing their preferred provider. The cost to the plan is approximately $2 per employee per month plus case rates.
12. Implement Garner (or similar product) to Moda medical plan to incent members to utilize high quality providers. Implementing with no change to benefit coverage

levels would see an overall 0.6% premium reduction. Aon plans to have Garner present to the committee in February (date TBD).

Aon paused as the meeting approached the ending time and confirmed the additional items would continue at the next meeting. Michelle confirmed this information would be shared and asked LMBC to review the additional items on the slide deck, providing feedback as quickly as possible especially if there are questions about the information.

Rob Hutchens asked if there is a possibility to have open enrollment timeframe be over 6 weeks if the recommended changes were significant, instead of the typical shorter window. Michelle responded she would bring his question back to the benefits team as there are many variables, impacting multiple stakeholders, to hosting a longer annual open enrollment period.

Paul Cone asked if there was a communication plan in place with the new Council and what have they learned or know about this committee, and its current work. Michelle committed to getting an update for the next meeting.

**4.Other Business:** None

**5.Public Comment:** None

**6.** Meeting adjourned at 4:30 PM