LMBC Meeting Minutes

July 16, 2024
Zoom Meeting

Attendance

Compiled by Jeannine Herrera

1. Roll Call:

LMBC Members:
Tom Armstrong – Absent
Jamie Doscher – Present
Blake Dye – Absent
Vince Elmore – Absent
Kim Epling – Present
Margaret Evans – Present
Leslie Goodlow – Present
Casey Hettman – Present
Claire Houston - Absent
Rob Hutchens - Absent
Lex Jakusovszky - Absent
Nick Kreimeier – Present
Isaac Mclennan – Absent
Nicole Powell – Present
Elisa Rivera – Absent
Jenny Scott –Present
Amy Tuttle – Present
Carolyn Welch – Present
Rachel Whiteside – Present
Ron Zito – Present

Staff
Jeannine Herrera - Present
Michelle Taylor - Absent
Heather Holz - Present

Presenters
Megan Poppe (Aon) – Present
Nicole Persson (Aon) – Present

2. Meeting Called to Order

Meeting Call to Order: Co-Chair Leslie facilitating. Roll call.

3. Meeting Minutes Discussion

Meeting Minutes (5 minutes – Co-Chair Leslie Goodlow) Discussion of any required changes to meeting minutes from June 25th

Rachel Whiteside wanted to discuss Item #5 from the June 25th meeting minutes - Group discussion/education topics for renewal. Rachel asked if these had been carried over from the last meeting as she was not present on the 25th but was mentioned. Jeannine told Rachel that yes, these items have been carried over and will as a reminder of what topic areas of interest are in the que for future meetings.

Leslie asked for a motion to approve the minutes, and Margaret made the motion. Rachel seconded.

Opposed, None. Abstentions, none.

4. Demo of Aon Analytics (60 minutes – Aon presenting with Committee discussion)

Leslie moved on to introduce Aon to present some analytics. Megan Poppe started with some background stating this was an area of interest from committee members in previous meetings. Megan began by explaining what the committee could expect when demonstrating the Aon Architect tool. This live-model tool considers employee perception, as well as the actuarial side for plan changes and the type of impacts changes would cause. It is used in situations like what the committee is facing where they're are looking at possible plan design changes and want to see how it affects the options, the employee/member perception, overall costs, etc. While this tool doesn't necessarily have the individual impact, it still looks at situations on an aggregate basis. Putting these two items together can help determine the type of plan changes needed to get to the budget impact required.

This is a live tool being demonstrated today, which Aon can take screen grabs for various scenarios, how it impacts employee perception or not, etc. Megan stated there were some already loaded scenarios included but encouraged members to jump in and make this more of an interactive exercise. Megan turned things over to Nicole Persson.

Nicole shared their screen displaying the Aon Architect tool, which is partially AI generated and can be updated with various scenarios for folks to see the impact to financials and member satisfaction/perception. Various details can be entered into the model to see the overall cost and perception of employees based on value, etc. The tool has the City's current plan designs pre-loaded, and amounts for things like copays, deductibles, etc. can be changed and evaluated. Several scenarios were preloaded included altering the CityCore deductible and OOPM, making some pharmacy copay changes to increase maximums. Nicole displayed the interactive model dashboard with the City's LMBC status quo benefits and indicated the score of 91 is an extremely high perception score, maybe the highest they'd ever seen. Most other employer groups range between 70s and low 80s. Nicole explained the plan design can be changed so folks can see how the cost and perception change. They moved to another scenario, which included a similar plan design to what was presented to the committee last plan year for self-funded changes and the perception score remained at 91. Nicole reverted the self-funded plan back to current and began to adjust Kaiser's design to the package presented last plan year. The perception score moved to 87 which is still high.

Nicole paused and asked if there were questions or if folks wanted to ask about specific scenarios.

Rachel asked if the proposed changes were made to both Kaiser and Moda, would it change the overall perception of employees? Nicole entered the Moda data to recalculate. The results changed from 87 overall to 86, accounting for both plans. Nicole stated the financial savings was pretty significant for how little the overall perception changed. Rachel stated it seems like there is a lot that goes into the perception score; asked if Nicole could go about how to explain the overall perception score and the data behind it. Nicole said it is exceptionally complicated, but essentially, Aon completed a massive survey where data was collected (and continues to update data based on ongoing surveys), scenarios picked for value, and then entered into this model. This data included items like salary levels, ages, genders, family tiers, etc. Then Aon took City specific census data, ran it through the tool, and matched them up with similar individuals so they have a general average model.

Carolyn Welch wanted to make sure the perception score was survey results compared to folks who've experienced these events in real life. Nicole said that it's a mix of both; predictions plus actual open enrollment results afterwards (tracking behavior) have been taken over six years, and continually tried to fine tune the algorithm used to create the tool. They want to include factors into the algorithms that could drive data and actual plan design, actual choices, behaviors, etc.

Rachel mentioned we are talking about increasing costs for emergency visits, or larger copays on Kaiser similar to the CityCore plan and wanted to look at those options. Rachel decided on $200 (with support from the group) for Kaiser to match with CityCore. Once entered, this change showed a savings of $100,000 to the plan but doesn't change perception in any way according to Aon Architect.

Jamie Doscher explained this tool wasn't where her mind was going initially as she came into this hoping to avoid a future network change which removed Providence from CityCore. With Providence being such a robust provider group, Jamie wants to ensure this group has conversations related to what other doctors could come in and take place of those services. Rachel stated she didn't hear too much interest in removing Providence on either the management or labor side. If that isn't on the horizon, Jamie stated she can refocus. Nicole mentioned narrowing the network is not something the tool can do, given every carrier has many different networks. Rachel reiterated the lack of interest in changing the network should continue to be brought up, which makes it so important for alternatives to be considered.

Carolyn Welch commented the change in cost seems straight forward but wondered if this tool, or another tool, captures the difference in usage. For example, does "perception" here include people going to the emergency room when it's needed versus when they don't seek services? Nicole said it is going to come through with some of the cost assumptions, for example they may move to a lower cost plan to avoid an ER visit. Most of the data indicates these decisions happen at some significant copay levels and examples include the difference between urgent care and ER visits. Nicole explained most folks are going to the ER when they need it, but costs are currently at a level for it to be a driving factor to satisfaction in the plan.

Margaret Evans mentioned regarding primary care and prescriptions and wanted to see if there were increases in those categories, what kind of potential impact would occur. Nicole started with increasing the CityCore prescription minimums and maximums. Just increasing the minimum generic medication copay saves the plan money but has no impact to the perception. This is because a change from 3 dollars to 10 dollars is not a significant impact. Nicole changed Primary Care copays to match the specialist copay at $35 which has minimal impact due to low out of pocket maximums on both plans.

Rachel Whiteside was interested in knowing if increasing the out-of-pocket max or deductible would have more of an impact than copay changes, specifically on the Kaiser side (which has no deductible currently). While Nicole worked on another scenario, Megan Poppe jumped in to explain the overall cost in the upper left corner providing numbers to the committee should we need to make a 3% ($90M annual spend) or 5% ($88M annual spend) overall reduction. She also pointed out none of the scenarios already discussed have reached either level. Rachel asked to repeat the 5% reduction amount and Megan confirmed it would be around 88 million.

Nick Kreimeier from DCTU asked if these scenarios could be presented to the carriers/providers as proposals for changes. Nick indicated this tool is different than the options presented to the committee as a bundle. Nicole mentioned this sounds like a procedural situation which would need to be discussed with Benefits but gave info about these elements.

Nicole mentioned adding a small deductible to the Kaiser plan didn't really impact the plan spend much at all. Most of the Kaiser impact is occurring within the out-of-pocket maximum category. Increasing the OOPM by $1,000 for example, would start to do something. With the current OOPM being so low, this type of change drives a cost impact/savings to the City.

Nicole asked the committee for other scenarios, but no one jumped in so Megan requested to see a scenario that hits the $90M mark and what those recommended plan changes might look like. Nicole played around with the numbers on both plans to show the committee and idea of what the 3% reduction could look like.

Margaret dropped a question into chat, which Megan answered live. The question was whether we had any budget guidance so the committee has a better idea of what changes might be needed. Megan indicated we don't have this yet, but this tool is still useful as it allows the committee to see what types of changes can be implemented and the cost savings whether it's a year with only 1% decrease needed, or more. The percentage range will change year to year depending on utilization, admin fee renewals etc. Megan again explained the purpose of the Aon Architect tool as support to help continue conversations going into future plan years.

Margaret mentioned the employee satisfaction is important and is seeing the average is 75-80 whereas our satisfaction is currently above 90, and 85-86 with some of the proposed changes from last year. Margaret asked if there is any particular area where we would expect to see satisfaction decrease. Nicole mentioned having copays certainly look better than not having copays. An emergency room copay versus deductible and coinsurance is a good example. Nicole explained how copays not growing each year can be problematic as the overall cost of services go up but the member's cost share doesn't at the point of service. Plans should evaluate periodically to ensure its an appropriate portion.

Margaret asked when the City has last increased copays for employees. Jeannine noted this as a take away and will ask Michelle to follow up with the Committee. *Michelle followed up with an email on 7/26 providing historical data going back to the mid-90s, based on records she could access.

Rachel asked Aon to clarify what "percent enrolled" meant and Aon confirmed it's the amount of folks enrolled in coverage. This is showing 27% of employees are waiving coverage. This number includes employees who are not eligible for coverage as Aon does not have a way to pull them from the data.

Kim Epling asked if Aon Architect is something committee members could have this tool on hand in case she has more questions later to enter the tool. Nicole stated this tool exists and can be brought back to the committee anytime with some advanced notice.

Nicole Powell wondered if there other employers are going through similar issues. For example, what is the maximum copay amount before someone would rather have the change be a percentage-based change? Nicole indicated she's been at the City for 8 years and doesn't remember copays changing at all. Costs for services have increased so much but when talking to friends at different employers, their out of pocket costs are similar. Nicole Persson mentioned the tool is great, the algorithm is great but a human touch is still required. Nicole P. stated specialist copays probably do need to go up a little bit. It's important to understand how long these copays have been in place. Would it make sense to go from $35 to $50, maybe not, but $35 to $40 could be more reasonable and folks might be more likely to understand. Similar with urgent care. $200 is on the lower end of what is seen these days, whereas other groups push this up to $500. $50-75 copays for urgent care are pretty common, so the City's is on the lower end. These are considerations for the committee. Aon recognizes the guiderails and staying within the guardrails to support employees, without keeping costs flat and absorbing inflation. This translates to increases in premium costs which

creates unsustainable trends. Aon is here to help ensure the plans stay within the guardrails and benchmarks against other employer sponsored plans.

Megan wanted to add that when they see employers changing plan design to affect costs, most employers protect the primary office visit costs because it directly impacts pediatrics, obstetrics, and maintenance primary care visits (diabetics, chronic/maintenance condition). Specialists' visits are typically two times the primary care cost. Urgent care moves slower than ER, so it can be beneficial to protect it instead of someone avoiding care, but also noting there is an expense with ER and Urgent Care. Hospital stays are usually targeted. Today, Kaiser has zero cost for hospital stays and it's extremely generous. Because of the richness, it's deteriorating the plan overall because these services are expensive. In-patient hospital stays would be a good category to explore.

Leslie wanted to know how many people that would impact. Megan indicated Kaiser presents this as a "per member per month" factor. From April 23 to March 24 there were 38.6 days for medical, 36 for surgical, and that is days per 1,000 members. Leslie wanted to know how many claims were maternity, which those went up slightly from 27 to 33.5. Nicole Perssons mentioned maternity and most likely mental health saw some incremental increases. Leslie wanted to know how much this would change a person's out-of-pocket costs. Nicole P. responded stating they'd likely meet their out of pocket. Megan indicated Kaiser can do a per day copay up to a maximum, which is usually the equivalent of 3 days, around a max of $125 a day. Leslie asked about a day surgery, which Nicole indicated would be a $20 copay under Kaiser and is significantly lower than what they typically see elsewhere.

Carolyn thanked Aon for bringing this tool to the committee.

5. Previous Meeting Follow Ups, Planning for the 2025-26 Plan Year, Future Committee Meeting Topics, and Schedule (20 minutes – Aon and Committee)

Ron suggested we keep meeting and not take our foot off the pedal to inching toward some decisions.

Rachel asked again for budget guidance; knows it can be difficult to get but thinks getting budget information in February is too late. Even if getting estimated budget guidance sooner is needed. Leslie G. agrees and would like it in December from the Mayor. Kim Epling mentioned with the entirely new Council we might want to think about the disruption in getting information.

Items carried forward from previous meetings (topics will be removed as they're brought to the Committee for discussion):

1. Committee Facilitator
2. Carrot Program Experience
3. Plan Changes and Out-of-Pocket Costs
4. Individual Vs. Blended Perspective
5. Contract Updates

6. Public Comment:

No public comments.

7. Other Business:

None. The meeting was adjourned at 2:43 pm.

8. Next Meeting:

Next Meeting: August 20, 2024. The meeting will begin at 1:30 PM and will be scheduled to go until 3:00 PM. This meeting will be held via Zoom. Details available upon request or via the meeting invite.

The Labor Management Benefits Committee is a City of Portland Committee. A quorum is required for the committee to take action and make recommendations to City Council related to healthcare benefit plan design. Committee meeting minutes do not require a vote for approval but will be approved by consensus. Public comment is provided at the end of the meeting for observers to comment and/or ask questions. For information on past meetings, please use the following link:

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