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AGENDA

Joint Committee on Plan Structure and Design

July 7, 2016 - 1:30 P.M.

Rice Conference Room, Tompkins County Health Department
55 Brown Road, Ithaca

Alert!!! Newsletter Pictures of: Joint Committee, committee in action, and portrait of 3 labor directors are planned early in the meeting!

1. Welcome
2. Changes to the Agenda
3. Approval of June 2, 2016 Minutes (1:35)
4. Chair's Report (1:37)
5. Executive Director Report (1:40) Don Barber
6. Establish Actuarial Value Target for Platinum, Gold, Silver, and Bronze plans* **VOTE** (1:50)
7. Discuss options of member cost share for alteration to achieve the Actuarial Target goals. (2:20)
8. Next Meeting Agenda (2:40)
9. Adjournment (2:45)

* The targets discussed at last meeting were to decrease Actuarial value of Platinum Plan by 3%, Gold plan by 3%, Silver by 7%, and Bronze by 5%. Please see attached memo from Locey and Cahill for further development of this topic.

Next Meeting: August 4, 2016

MINUTES

corrected

**Greater Tompkins County Municipal Health Insurance Consortium
Joint Committee on Plan Structure and Design
June 2, – 1:30 p.m.
Rice Conference Room, Health Department**

draft

Present:

Municipal Representatives: 7 members

Judy Drake, Town of Ithaca and Board of Directors Chair; Schelley Michell Nunn, City of Ithaca (excused at 3:01 p.m.); Brooke Jobin, Tompkins County; Eric Snow, Town of Virgil; Laura Shawley, (Vice Chair) Town of Danby; Charmagne Rungay, Town of Lansing; Jennifer Case, Town of Dryden; Joan Mangione, Village of Cayuga Heights

Municipal Representative via Proxy: 4

Betty Conger, Village of Groton (Proxy – Charmagne Rungay); Tom Brown, Town of Truxton (Proxy – Judy Drake); Carissa Parlato, Town of Ulysses (Proxy – Joan Mangione); Mack Cook (Proxy – Laura Shawley)

Union Representatives: 6 members

Olivia Hersey, TC3 Professional Admin. Assoc. Unit; Jeanne Grace, City of Ithaca Exec. Assoc. Tim Farrell, City of Ithaca DPW; Teresa Viza, TC Library Staff Unit; Tim Arnold, Town of Dryden DPW; Kate DeVoe, TC Library Professional Staff Unit

Union Representatives via Proxy: 3

Phil VanWormer, City of Ithaca Admin. Unit (Proxy – Jeanne Grace); James Bower, Bolton Point-UAW Local 2300 (Proxy – Olivia Hersey); Doug Perine, Tompkins County CSEA White Collar President (Proxy – Jeanne Grace)

Others in attendance:

Don Barber, Executive Director; Steve Locey, Locey & Cahill; Meghan Feeley, ProAct; Ted Schiele, Chair, Owing Your Own Health Committee

Call to Order

Mrs. Shawley, Vice Chair, called the meeting to order at 1:36 p.m. and said the main purpose of today's meeting is to gather information as actuarial values are looked at. As Mr. Barber explained in a communication to members yesterday, the Consortium's metal level plans must maintain their actuarial values and because of changes that occur there will need to be adjustments made to benefit to get the actuarial values into the range they need to be.

Approval of Minutes Of May 5, 2016

It was MOVED by Ms. Hersey, seconded by Ms. Drake, and unanimously adopted by voice vote by members present, to approve the minutes of May 5, 2016 as submitted. MINUTES APPROVED.

Chair's Report

Mrs. Shawley said Mr. VanWormer, Chair, extended his apologies for not being able to attend today's meeting.

Board of Director's Report

Ms. Drake, Chair, reported the Board of Directors met on May 26th and adopted several resolutions, appointed Rordan Hart to the Audit and Finance Committee, accepted the external audit for 2015, and approved a renewal of Mr. Barber's contract. She reported the Board adopted the resolution that was discussed at the last meeting by concerning establishing guidelines for members changing plans and establishing the open enrollment period, awarded a contract for medical claims auditing, and approved the issuing of a request for proposals for the prescription drug manager.

Executive Director Report

Mr. Barber reported the educational retreat was held on May 10th; a copy of the presentation and a video of the retreat is available on the Consortium's website. He announced the process to verify eligible dependents has been completed and thanked everyone for their cooperation through that process. The second issue of the newsletter has been finished and is currently at the printer. An electronic copy has been distributed and posted on the website.

Premium Rate Discussion

Mr. Locey presented information on how premium rates are developed and the process that must be undertaken by Consortium to keep metal level plans within the actuarial values established by the Affordable Care Act. He explained how different items can have a different weight and how they can impact the actuarial value with the most meaningful things being deductibles. Out-of-pocket maximums can have a big impact; however, once they reach a high-enough level it diminishes quickly because most people don't achieve those levels at higher numbers.

The following are items that can have an impact on rates:

- Overall Plan Style vs Line Item Changes
- How Many People are Affected;
- How Many Services or Items are Affected;
- Does the Change Alter Buying Patterns;
- Cost Variance for Different Service Levels;
- Utilization or Case Management Oversight; and
- Short-Term vs Long-Term Impact

He walked the Committee through a sample benefit change of increasing an emergency room copayment from being paid in full to a \$100 copayment and said not only would the plan receive the \$100 copayment for each time a person visited an emergency room, there would be a bigger change realized due to those who chose to visit an urgent care center or their primary care physician instead. He noted that it is not being suggested that people should not go to the emergency room if it is a true emergency but to encourage different behaviors in non-emergency cases and where services could be delivered by an urgent care center or primary care physician.

The total cost reduction by instituting this change would be approximately \$231,000. When this amount is applied to the overall medical claims cost of \$27,304,445 (.732 of the total claims cost of \$37,301,154) it equates to a .846% premium reduction. Mr. Locey said the other thing that happens with flat dollar amount changes is that they do not keep pace with the time value of money the way percentages do. One of the challenges that exist with the metal level plans that were developed for the Consortium is that the process was started in 2014 and it is now four years later which will make changes seem more substantial than they will be in the future. Mr. Locey reviewed a sample prescription drug benefit change by increasing generic and brand name copayments, noting that changes these copayments also impact utilization.

In response to a question by Mr. Schiele of what the impact of changes would be to the average member Mr. Locey explained the difficulty in determining that because of the wide variance in each member's circumstances.

Mr. Locey spoke of the various laws, regulations, and mandates that have come out over the years and said most health insurance plans today are very similar in terms of what is covered; what differs is what is paid out of pocket for services. Because New York State has always had a lot of regulations in place there wasn't a tremendous amount of change seen with the Affordable Care Act. From 1993 to the present there were 84 federal and state mandates added to health insurance that were made outside of the collective bargaining environment; therefore, did not need labor or management consideration or agreement. He gave an example of the mandate to provide coverage to dependents after age 19 and stated this resulted in an overall plan increase of 2%-4%. He also reviewed the things that can be excluded from coverage and said predominantly what is seen are things that are experimental or investigational, or things considered not to be medically necessary. Under New York State Insurance Law anyone being denied coverage under one of these categories has the right to appeal to the State. These appeals go to an independent review organization and the decision is binding on both the plan and member.

The actuarial value is the average of a person's medical care costs that will be covered by a health care plan (Platinum Plan Models – 90% actuarial value; Gold Plan Models – 80% actuarial value; Silver Plan Models – 70% actuarial value; and Bronze Plan Models – 60% actuarial value). In terms of the employer's shared responsibility mandate under the Affordable Care Act employers have to provide full-time employees with at least a Bronze level of coverage. The actuarial value calculator has a standard deviation built in of + or – 2%. One of the first items that needs to be looked at is what the target for 2017 should be for the Consortium's metal level plans.

Mr. Locey said the average covered life in the Consortium spends approximately \$6,000 a year in medical care costs, the average contract is slightly over \$12,000. The things that need to be considered in weighing actuarial values are annual deductibles, coinsurance amounts, medical copay amounts, prescription drug copay amounts, out-of-pocket maximums, out-of-network provider balance bills, and non-covered products or services. Changes made would go into effect on January 1st, changes would be made no more frequently than once per year, and Board approval is needed prior to November 1 to allow time to notify members of changes.

Locey and Cahill is working with Excellus to verify the actuarial value for the Platinum Plan which is currently at 92.6%. Based on this figure the actuarial value for 2017 the Platinum Plan has to be adjusted by .6% to achieve a value of 92% and 4.6% to achieve a value of 88% to be within the acceptable range.

Mr. Locey presented and reviewed a sample of Excellus plan models and a number of benefit option changes that could impact the actuarial value. Discussion followed concerning the frequency changes should be made in making plans. There were some members who felt smaller, more frequent changes would be easier for members to accept while others felt it would

be difficult for people to adjust to changes being made every year and frequent changes could place a strain on benefit clerks having to explain plan changes to members. Mr. Locey said one of the fears with the Silver and Bronze plans is changing the costs could drive members away from receiving care which is a consequence no one wants to see happen.

Ms. Drake suggested starting with the Platinum Plan because it impacts the most municipalities. Mr. Barber said the Platinum Plan has the biggest number of Consortium members. While this could be a starting point he noted the other plans cannot be looked over as other municipalities that are looking at joining the Consortium are looking at other plans. Ms. Drake thought it would be reasonable to look at options 2 and 4 and to bring the actuarial value down to the 90% range. She expressed resistance to changing the copay amount as this was just explained to employees and thought it would be easier to change the out-of-pocket maximum and the diagnostic lab copay. Mr. Locey said it is important to keep in mind that whatever the actuarial value is reduced by will also diminish the rate increase by.

Mrs. Shawley decreasing the Platinum and the Gold Metal Plans by 3% would put the levels at 91% for the Platinum and 81% for the Gold and by getting to those targets another change wouldn't be needed for two years. If the Silver Metal Plan was changed by 7% it would bring it to 71% and changing the Bronze Metal Plan by 5% would bring it to 61% those would need to be revisited each year.

Mr. Barber said there presently are no Consortium members enrolled in the Silver or Gold Metal Plans; this would be a marketing tool for municipalities looking at the Consortium who may have those plans.

For the next meeting Mr. Locey was asked to prepare benefit options for the Gold, Silver, and Bronze Plans along for target percentages as he did for the Platinum Plan. It was requested that information be provided to members two weeks in advance of the meeting.

Ms. Michel Nunn was excused at 3:01 p.m.

Mr. Barber spoke of the process going forward and said at the next meeting this Committee needs to make a strong recommendation to the Audit and Finance Committee so that a decision can be made by the Board of Directors at the end of July.

Next Meeting

At the next meeting the Committee will continue discussing the actuarial values with a goal to make a recommendation on a target. Decisions on the actual changes within plans can be made at a subsequent meeting.

Adjournment

The meeting adjourned at 3:07 p.m.

Greater Tompkins County Municipal Health Insurance Consortium

2017 Standard Metal Level Plan Options - Platinum Plan

Benefit Description		2016 Platinum Plan	2017 Option 1	2017 Option 2	2017 Option 3	2017 Option 4
Actuarial Value		92.60%	90.93%	90.59%	90.97%	91.59%
In-Network Deductible	Individual	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Family	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Deductible Aggregation		Individual	Individual	Individual	Individual	Individual
Out-of-Network Deductible	Individual	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
	Family	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Out-of-Pocket Maximum Aggregation		Individual	Individual	Individual	Individual	Individual
In-Network Out-of-Pocket Maximum <i>Includes Rx Copayments</i>	Individual	\$2,000.00	\$2,000.00	\$2,500.00	\$2,000.00	\$2,000.00
	Family	\$6,000.00	\$6,000.00	\$7,500.00	\$6,000.00	\$6,000.00
Out-of-Network Out-of-Pocket Maximum	Individual	\$2,000.00	\$4,000.00	\$5,000.00	\$4,000.00	\$4,000.00
	Family	\$6,000.00	\$12,000.00	\$15,000.00	\$12,000.00	\$12,000.00
Primary Care Physician Copay		\$15.00	\$25.00	\$25.00	\$25.00	\$25.00
Specialist Copay		\$25.00	\$40.00	\$40.00	\$40.00	\$40.00
Chiropractor Copay		\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
In-Network Coinsurance		0.00%	0.00%	0.00%	0.00%	0.00%
Out-of-Network Coinsurance		20.00%	20.00%	20.00%	20.00%	20.00%
Pharmacy Copayments Retail (30 Day Supply) <i>Not Subject to Deductible</i>	Tier 1	\$10.00	\$10.00	\$10.00	\$5.00	\$5.00
	Tier 2	\$30.00	\$30.00	\$30.00	\$35.00	\$25.00
	Tier 3	\$50.00	\$50.00	\$50.00	\$70.00	\$50.00
High Deductible Health Plan		No	No	No	No	No
Health Savings Account Eligible.		No	No	No	No	No
Premium Rates	Individual	\$556.97	\$575.52	\$573.62	\$575.74	\$579.19
	Family	\$1,448.13	\$1,496.35	\$1,491.43	\$1,496.93	\$1,505.91
	% Change	n/a	3.33%	2.99%	3.37%	3.99%

** Premium Increase Assumes a 5% Overall Budget Increase for the 2017 Fiscal Year.*

Greater Tompkins County Municipal Health Insurance Consortium

2017 Standard Metal Level Plan Options - Gold Plan

Benefit Description		2016 Gold Plan	2017 Option 1	2017 Option 2	2017 Option 3
Actuarial Value		84.17%	79.47%	78.52%	81.03%
In-Network Deductible	Individual	\$500.00	\$1,300.00	\$1,300.00	\$1,000.00
	Family	\$1,500.00	\$2,600.00	\$2,600.00	\$3,000.00
Deductible Aggregation		Individual	Family Aggregate	Family Aggregate	Individual
Out-of-Network Deductible	Individual	Included w/ In-Network	\$2,600.00	\$2,600.00	\$2,000.00
	Family		\$5,200.00	\$5,200.00	\$6,000.00
Out-of-Pocket Maximum Aggregation		Individual	Family Aggregate	Family Aggregate	Individual
In-Network Out-of-Pocket Maximum <i>Includes Rx Copayments</i>	Individual	\$3,000.00	\$3,000.00	\$3,500.00	\$3,000.00
	Family	\$9,000.00	\$6,000.00	\$7,000.00	\$9,000.00
Out-of-Network Out-of-Pocket Maximum	Individual	Included w/ In-Network	\$6,000.00	\$7,000.00	\$6,000.00
	Family		\$12,000.00	\$14,000.00	\$18,000.00
Primary Care Physician Copay		\$25.00	n/a	n/a	n/a
Specialist Copay		\$40.00	n/a	n/a	n/a
Chiropractor Copay		\$40.00	n/a	n/a	n/a
In-Network Coinsurance		20.00%	20.00%	20.00%	20.00%
Out-of-Network Coinsurance		40.00%	40.00%	40.00%	40.00%
Pharmacy Copayments Retail (30 Day Supply) <i>Subject to Deductible</i>	Tier 1	\$5.00	\$5.00	\$5.00	\$5.00
	Tier 2	\$35.00	\$35.00	\$35.00	\$35.00
	Tier 3	\$70.00	\$70.00	\$70.00	\$70.00
High Deductible Health Plan		No	Yes	Yes	No
Health Savings Account Eligible.		No	Yes	Yes	No
Premium Rates	Individual	\$500.89	\$502.39	\$497.63	\$510.21
	Family	\$1,302.30	\$1,306.21	\$1,293.84	\$1,326.52
	% Change	n/a	0.30%	-0.65%	1.86%

** Premium Increase Assumes a 5% Overall Budget Increase for the 2017 Fiscal Year.*

Greater Tompkins County Municipal Health Insurance Consortium

2017 Standard Metal Level Plan Options - Silver Plan

Benefit Description		2016 Silver Plan	2017 Option 1	2017 Option 2	2017 Option 3
Actuarial Value		79.23%	70.69%	69.85%	71.73%
In-Network Deductible	Individual	\$1,300.00	\$1,800.00	\$2,000.00	\$2,000.00
	Family	\$2,600.00	\$3,600.00	\$4,000.00	\$4,000.00
Deductible Aggregation		Family Aggregate	Family Aggregate	Family Aggregate	Family Aggregate
Out-of-Network Deductible	Individual	Included w/ In-Network	\$3,600.00	\$4,000.00	\$4,000.00
	Family		\$7,200.00	\$8,000.00	\$8,000.00
Out-of-Pocket Maximum Aggregation		Family Aggregate	Family Aggregate	Family Aggregate	Family Aggregate
In-Network Out-of-Pocket Maximum <i>Includes Rx Copayments</i>	Individual	\$3,000.00	\$6,000.00	\$6,000.00	\$6,000.00
	Family	\$6,000.00	\$12,000.00	\$12,000.00	\$12,000.00
Out-of-Network Out-of-Pocket Maximum	Individual	Included w/ In-Network	\$12,000.00	\$12,000.00	\$12,000.00
	Family		\$24,000.00	\$24,000.00	\$24,000.00
Primary Care Physician Copay		n/a	n/a	n/a	n/a
Specialist Copay		n/a	n/a	n/a	n/a
Chiropractor Copay		n/a	n/a	n/a	n/a
In-Network Coinsurance		20.00%	30.00%	30.00%	20.00%
Out-of-Network Coinsurance		40.00%	50.00%	50.00%	40.00%
Pharmacy Copayments Retail (30 Day Supply) <i>Subject to Deductible</i>	Tier 1	\$5.00	\$5.00	\$5.00	\$5.00
	Tier 2	\$35.00	\$35.00	\$35.00	\$35.00
	Tier 3	\$70.00	\$70.00	\$70.00	\$70.00
High Deductible Health Plan		Yes	Yes	Yes	Yes
Health Savings Account Eligible.		Yes	Yes	Yes	Yes
Premium Rates	Individual	\$415.67	\$400.96	\$397.46	\$405.28
	Family	\$1,080.74	\$1,042.48	\$1,033.40	\$1,053.72
	% Change	n/a	-3.54%	-4.38%	-2.50%

** Premium Increase Assumes a 5% Overall Budget Increase for the 2017 Fiscal Year.*

Greater Tompkins County Municipal Health Insurance Consortium

2017 Standard Metal Level Plan Options - Bronze Plan

Benefit Description		2016 Bronze Plan	2017 Option 1	2017 Option 2	2017 Option 3
Actuarial Value		67.92%	61.81%	61.59%	61.25%
In-Network Deductible	Individual	\$3,500.00	\$5,500.00	\$6,000.00	\$6,550.00
	Family	\$7,000.00	\$11,000.00	\$12,000.00	\$13,100.00
Deductible Aggregation		Individual	Family Aggregate	Family Aggregate	Family Aggregate
Out-of-Network Deductible	Individual	Included w/ In-Network	\$11,000.00	\$12,000.00	\$13,100.00
	Family		\$22,000.00	\$24,000.00	\$26,200.00
Out-of-Pocket Maximum Aggregation		Individual	Family Aggregate	Family Aggregate	Family Aggregate
In-Network Out-of-Pocket Maximum <i>Includes Rx Copayments</i>	Individual	\$6,350.00	\$6,550.00	\$6,550.00	\$6,550.00
	Family	\$12,700.00	\$13,100.00	\$13,100.00	\$13,100.00
Out-of-Network Out-of-Pocket Maximum	Individual	Included w/ In-Network	\$13,100.00	\$13,100.00	\$13,100.00
	Family		\$26,200.00	\$26,200.00	\$26,200.00
Primary Care Physician Copay		n/a	n/a	n/a	n/a
Specialist Copay		n/a	n/a	n/a	n/a
Chiropractor Copay		n/a	n/a	n/a	n/a
In-Network Coinsurance		20.00%	40.00%	30.00%	0.00%
Out-of-Network Coinsurance		40.00%	50.00%	50.00%	0.00%
Pharmacy Copayments Retail (30 Day Supply) <i>Subject to Deductible</i>	Tier 1	\$5.00	\$5.00	\$5.00	\$5.00
	Tier 2	\$35.00	\$35.00	\$35.00	\$35.00
	Tier 3	\$70.00	\$70.00	\$70.00	\$70.00
High Deductible Health Plan		Yes	Yes	Yes	Yes
Health Savings Account Eligible.		Yes	Yes	Yes	Yes
Premium Rates	Individual	\$324.72	\$321.12	\$320.40	\$319.30
	Family	\$844.26	\$834.89	\$833.03	\$830.16
	% Change	n/a	-1.11%	-1.33%	-1.67%

* Premium Increase Assumes a 5% Overall Budget Increase for the 2017 Fiscal Year.

Greater Tompkins County Municipal Health Insurance Consortium

2017 Standard Metal Level Plan Options - Definitions

Term	Definition
In Network	Refers to doctors and hospitals who are contracted with their local BlueCross BlueShield Plan. By utilizing in-network providers members have a lower out of pocket expense and are protected from medical providers and facilities balance billings.
Out-of-Network	Refers to doctors and hospitals who are not contracted with their local BlueCross BlueShield Plan. Members can expect a higher out of pocket expense when utilizing out-of-network providers as they are not obligated to accept the BlueCross Blue "allowed amount" as payment in full. Patients can expect the medical providers and facilities to bill any amounts charged by them which exceed the "allowed amount."
Deductible	Is the amount of covered medical and/or prescription drug expenses which the covered Member must pay prior to the health plan paying any medical and/or prescription drug expenses.
	Notes: 1. Gold, Silver, and Bronze Plans - prescription drug fills are subject to the deductible 2. Select medical services may not be subject to the deductible making the plan non-HSA compliant (you can always pair any plan with an HRA account) 3. Qualified preventive services are always covered in full and not subject to deductible under the PPACA. 4. Qualified Health Savings Accounts (HSA's) Prescription drug fills are subject to the medical deductible.
Deductible Aggregation	Individual Aggregation: Each covered family member only needs to satisfy his or her individual deductible, not the entire family deductible, prior to receiving plan benefits.
	Family Aggregation: If you have family coverage, the entire family's annual deductible must be met by one or any combination of covered members before a copay or coinsurance is applied for any family member.
Out-of-Pocket Maximum	The total amount of deductibles, coinsurance amounts, and/or copayments a covered member must pay prior to covered services in a plan becoming payable up to 100% of the allowed amount.
Out-of-Pocket Maximum Aggregation	Individual Aggregation: Each covered family member only needs to satisfy his or her individual OOPM not the entire family OOPM.
	Family Aggregation: If you have family coverage, the entire family's annual OOPM must be met by one or any combination of covered members before covered services becoming payable up to 100% of the allowed amount.
High Deductible Health Plan (HDHP)	Is a health insurance policy that has higher deductible and lower premium than traditional health plans. Although preventive care is covered before the deductible, other expenses must be paid by the insured until the deductible is met. In 2016 HDHP must have deductibles of at least \$1,300 for individual and \$2,600 for a family. The OOPM cannot exceed \$6,550 for individual and \$13,100 for family.
Health Savings Account (HSA)	Is a tax advantaged medical savings account available to taxpayers in the US who are enrolled in a qualified HDHP. The funds contributed to an account are not subject to federal income tax at the time of deposit.