

ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, September 20, 2023 at 9:00 a.m. via Webex and the Lake Superior Room. The meeting was called to order by Jim Gottschald, Committee Co-Chair.

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| Members Present: | Ashley Lehmann | Timothy Rasch |
| | Katie Finc | Tom Stanley |
| | Jim Gottschald | Stephanie Lundgren |
| | Sasha Lehto | Michael McDougall |
| | Krista Shopp | Kevin Gray |
| | Kim Maki | Gordy Halverson |
| | Nancy Nilsen | Judy Walhberg |

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|-----------------|----------------|--------------------|
| Others Present: | Jeff Coenen | Beth Menor |
| | Dave Kuschel | Jolene Jamnick |
| | Leanne Barker | Colleen Effinger |
| | Caitlin Little | Stephanie McKinnon |

The July minutes were approved by consensus with no requested changes.

premium insured discussion committee forty-
health budget recommendation
numbers cap question paid data
benefits employee
dollars st cost month
twenty- fifty-
thirty- adopt
consensus rates claims line
increase self-delta percent network
year program spouse
guess proposed people meeting beth pilot spend
family recommended

PRESENTATIONS

1. The first item from the agenda under Presentations was the *Auditor's Financial Report* from Nancy Nilsen and Stephanie McKinnon. (0:2:30). The Auditor's report projected the year-end health fund balance to be \$19,641,500, a net gain of \$1,015,1125 from the year prior. The year-end projection at the prior meeting in July was \$18,728,456. Nancy stated that the weekly August draws were just slightly above average, but she was content with the projected year-end fund balance at \$19 million as her preference is between \$18 and \$20 million.

Stephanie McKinnon provided an overview of how she calculates the budget column on the report and how that differs from the estimate column. She made the following points:

- the estimated revenues are extrapolated from known monthly revenues in current calendar year
 - the budgeted revenues are based on past enrollments and current rates
 - the budgeted claims are based on prior year's claims and vendor provided trend
 - Fixed cost increases are known and budgeted using the figures provided by the vendor
 - Variable costs with unknown increases are budgeted for a 4% increase
 - Wellness budget line items are actual, not estimated or budgeted
2. The next item from the agenda under Presentations was the *BlueCross and BlueShield of Minnesota (BCBSM) Medical Renewal* by David Kuschel (0:12:55). David noted the following from his handout:
 - The renewal was based on 24 months of the most recent data through August of 2023, with the most recent 12 months more heavily weighted
 - The report reflected 1,694 contracts, 865 single and 829 family
 - The projected renewal year incurred claims were \$35.2 million
 - The current expected claims were \$33.5 million
 - The recommended change in rates was 5.1%

David also summarized the outcome of the recent request for proposals (RFP):

- Pharmacy rebates retained by St. Louis County increase from 92% to 95% in 2024 and future
- Fitness administration fee of \$0.65/per contract per month (PCPM) would be waived for 2024
- 4% administrative rate caps through 2028
- 12% rate cap on stop-loss premium for 2025
- 14% rate cap on stop-loss premium for 2026
- \$400,000 one-time wellness grant

3. The next item from the agenda under Presentations was *Hearing Aid Coverage for Adults* by Beth Menor & Dave Kuschel (0:28:10). Beth shared that the Minnesota (MN) Department of Human Services (DHS) issued a final rule in April regarding essential health benefits, specifically prohibiting discrimination around a list of criteria, including age. The governor signed MN law Chapter 70 in May, amending statute 62Q.75 by removing the following language: “18 years and younger” from the Hearing Aid Coverage title. BCBSM was amending all fully insured plans to be in full alignment with the revised statutory language. BCBSM will require all self-insured plans to decide if they will also remove the age criteria. Thomas Stanley added that statute required self-insured plans to cover listed essential health benefits and because hearing aids for 18 and over was now listed as an essential health benefit, he believes we must cover hearing aids for adults. The coverage would provide one hearing aid every three years per ear. Coverage can’t assign any dollar limit or out-of-pocket costs that are specific to hearing aids only. Dave shared his belief that most, if not all public sector groups will adopt this change as well as BCBSM’s competitors. Beth Menor, Jim Gottschald and Thomas Stanley all advised the committee to add coverage for hearing aids for adults starting in 2024. The Committee agreed by consensus to provide hearing aid coverage for all ages.

Tom Stanley testified to the effectiveness and easy adherence of rechargeable models and asked if these or their battery model counterparts would be covered. Dave Kuschel committed to bringing back the medical policy around the hearing aid coverage to the October meeting.

NEW BUSINESS

4. The first item from the agenda under New Business was *Action on medical rate recommendations* facilitated by Jim Gottschald (0:44:40). The committee agreed by consensus to Tom Stanley’s proposed 4% increase in premium after the following discussion points:
 - The County Board budgeted for a 4% medical premium increase.
 - There have been no rate increases since 2020
 - The more time since COVID, the more likely claims will rise
 - \$33.9 million would be the annual medical revenue under a 4% increase
 - A 4% increase would mean employees would pay a
 - single monthly premium of \$91.63, up from \$88.40 or
 - family monthly premium of \$427.05, up from \$410.63
5. The next item from the agenda under New Business was *Action on dental rate recommendations* facilitated by Jim Gottschald (0:50:00). Beth Menor provided some historical claims and premium data to assist the Committee with a rate decision. The Committee was not in consensus with Jim Gottschald’s proposed 2% increase in employee dental premium after the following discussion points:

- Spouses cost more than employees in the medical plan as well as the dental plan. The medical plan can be a magnet for ill spouses given the low deductible and out-of-pocket costs. In the dental plan, employees have no premium so there is a high enrollment of zero-dollar claimants.
- The administration fee is one flat fee per contract and covered by the employee premium.
- The County Board budgeted for a 2% increase in employee dental rates
- Delta Dental recommended a 3.77% increase to the employee dental rate
- Past profits on the dependent dental plan will be shifted away from Delta Dental and added to the fund making up for projected shortfall of a 2% rate increase
- If budget was already set, discussing a rate recommendation seemed futile
- The difference between 3.77% and 2.0% equates to approximately \$16,000 and it would not be a significant hardship to find another budget line item to offset by this amount.
- There was empirical data to support following all four rates as recommended by Delta Dental

The committee was in consensus with Jim Gottschald reporting to the Board that the committee was divided on adopting all four of Delta's rate recommendations or adopting three of Delta's rate recommendations while rejecting the 3.77% increase and instead adopting a 2% increase on the employee only tier.

OLD BUSINESS

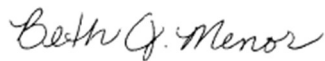
6. The first item from the agenda under Old Business was *Rheumatoid Arthritis (RA) Pilot Program Status* by Beth Menor (1:23:45). Beth reported that Essentia declined to include wellness center access as part of the RA pilot program and asked the Committee to decide if they still wished to proceed with the pilot. The Committee agreed by consensus to launch the RA program with Essentia Health in 2024 as a pilot after the following discussion points:
 - DAS29 (RA questionnaire), claims, and pharmacy data would be tracked and reported
 - Cost would be \$50 per participant per month with 21 eligible to participate
 - Outreach for a duplicate pilot with St. Luke's would be done in 2024 post their merger with Aspirus Health
7. The next item from the agenda under Old Business was *Geographic Medical Pricing Differentiation* by Dave Kuschel (1:35:30). Dave reviewed the table below that displays the average amount paid per claim by BCBSM in four metro areas and all rural areas (non-MSA) of Minnesota over the three calendar years of 2020, 2021 and 2022 from left to right.

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|---------------------------------|------------|------------|-------------|
| Minneapolis-St. Paul, MN-WI, MN | \$3,494.46 | \$4,038.40 | \$4,129.22 |
| Rochester, MN | \$8,308.37 | \$8,890.40 | \$10,920.82 |
| Duluth-Superior, MN-WI, MN | \$3,804.02 | \$4,336.34 | \$4,523.70 |
| Non-MSA, Blk | \$1,554.36 | \$1,443.10 | \$1,673.26 |
| St. Cloud, MN | \$2,339.38 | \$3,163.26 | \$3,057.64 |

8. The next item from the agenda under Old Business was a *Wellness Program Update* (1:41:15). Jim Gottschald tabled this agenda item because Tiffany Kari Cizmas was in Spain. She was one of nine individuals from her age group representing the USA in a triathlon. Jim mentioned two wellness programs currently in progress, namely the City versus County Challenge and the Depot Farmer's Market coming in October.

With no further business the meeting was adjourned.

Respectfully submitted,



Beth J. Menor
Senior Benefits Advisor