MEETING OF THE HEALTH BENEFITS COMMITTEE OF THE RETIREMENT BOARD OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY

70 West Madison, St, Suite 1925
Chicago, Illinois 60602
9:00 a.m.

Minutes for the April 28, 2020 Meeting

The meeting was conducted to allow all trustees and other attendees to participate by telephone as permitted by the Illinois Governor Gubernatorial Disaster Proclamation issued on May 29, 2020

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund." All committee recommendations are preliminary in nature and subject to review and approval by the full Retirement Board.

Call to Order and Roll Call:

Trustee Committee Members Present:	Patrick McFadden (Chair); John Blair; Diahann Goode; Stephen Hughes; James O'Rourke; Lawrence Wilson
Non-Committee Trustees Present:	Joseph Nevius; Kevin Ochalla
Staff Present:	Regina Tuczak, Executive Director; Jane Hawes, Director of Health Benefits; Rachelle Howliet, Senior Health Benefits Specialist; Tonya Jackson, Health Benefits Specialist; Margaret Fahrenbach, Legal Advisor; Caroline Vullmahn, Deputy Executive Director.
Others Present:	Segal Consulting: Daniel Levin; Cristina DeLeon, Peter Cavanaugh; Thomas Wyszomirski.
	CVS/Caremark: Sean Donovan; James Hogan; Kathy Georges.
	UnitedHealthcare: Michael Morris; Bethany Bump-White; Michael Wall.

County Employees' and Officers' Annuity and Benefit Fund of Cook County
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Public Comment: Chairman McFadden asked if anyone on the phone would like to address the Committee. There being no public comment, the meeting continued.

1. **Review and Consideration of October 24, 2019 Health Benefits Committee Meeting Minutes**

It was moved by Trustee Wilson and seconded by Trustee Hughes that the presented minutes of the Health Benefits Committee meeting on October 24, 2019, be adopted.

<p style="text-align:center;">**Vote Result:**   **MOTION ADOPTED BY VOICE VOTE**</p>

2. **CVS 2019 Pharmacy Benefit Plan Performance Review:**

   a) **Medicare (EGWP, SilverScript and Wrap Plan)**

Sean Donovan reported a significant negative trend in drug costs for the Medicare plan year 2019. Mr. Donovan compared 2019 claims costs and utilization to 2018 and explained that although total gross costs increased 9.3% in 2019 to $46.4M, pharmaceutical manufacturers' rebates and offsets reduce 2019 gross costs by 34% while members' co-pay share further reduced costs. Total costs were 22% lower for 2019 ($13M for 2019 compared to $16.9M in 2018). The 2019 per-member per month cost was 23% lower than 2018 ($124.02 vs $161.30), which includes a decrease in the share members paid as copays.

   b) **non-Medicare**

Jim Hogan reported the trend of cost increase was flat for the non-Medicare Plan in 2019. Total gross costs were $13.3M compared to $14.1M in 2018. There was a 5.3% increase in manufacturers' rebates paid to CCPF in 2019 which brought total costs after rebates and members' copays to $9.5M. Members cost share was reduced by 11.1% in 2019 vs. 2018, as member co-pays remain consistent, but utilization and inflation increase. Member cost share in 2019 was 6.5% which is lower than the 10% average across CVS's book of business. Kathy Georges reviewed the utilization of high cost specialty medications and noted the increased use of oncology drugs.

3. **UnitedHealthcare 2019 Medical Plan Performance Review**

Bethany Bump-White reported medical costs increased 7.3% in 2019 vs. 2018 and she detailed cost increase for each of the different groups of members: Cost increases for non-Medicare members under age 65 were 7.1%; Medicare members' increased 8.4%, and non-Medicare member over the age of 65 increased 15.8%. The biggest cost increases were for claims related to circulatory conditions and spine or joint surgeries. Four clinical categories accounted for 52% of the total costs: circulatory 15% (an 18% increase from 2018); cancer 15%; musculoskeletal 13%, and kidney disease 9%. Ms. Bump-White noted that the incidence of congestive heart failure, chronic kidney disease and chronic obstructive pulmonary disease is higher than expected based on other members of similar age/gender split.

Michael Wall reported results of UHC programs that support members in these high claim cost categories. 3300 members qualified for these programs in 2019. Telephone outreach was made to high risk members, 8.4% actively worked with a UHC nurse. Moderate risk members and their providers received letters focused on closing gaps in care; a 50% gap closure rate was achieved in 2019. There were 199 members with a cancer diagnosis in active treatment who qualified for the Cancer Support program.

4. **Segal 2019 Actual Health Plan Expenses vs. Budget Expenses.**

Thomas Wyszomirski explained that Segal's projections for 2019 expenses were made in 2018 based on three years of claims and estimates (through June 30, 2018) for medical, prescription drug, and offsets for rebates and subsidies and expected UHC and CVS administrative fees. Mr. Wyszomirski reported actual expenses for 2019 were about 10% ($8.9M) lower than Segal projected ($90.716M actual vs. $99.568M projected). The difference was due to better than expected rebates and subsidies for Medicare retirees and a slight increase in plan members in early 2019. Preliminary projections for 2021 indicate increases for non-Medicare rates (6.7% Choice; 9.5% Choice Plus) and with less of an increase for Medicare rates (5.2% Choice vs. 1.1% Choice Plus).

Dan Levin noted the projected 2021 rate increases for non-Medicare are higher than market trend whereas the Medicare rates are lower than trend. Mr. Levin advised that these preliminary numbers will likely change in August when 2021 rates are considered because projected 2021 expenses will be based on updated claims experience.

5. **Adjournment**

There being no further business before the Committee, it was moved by Trustee Wilson and seconded by Trustee Goode that the meeting be adjourned.

Vote Result: **MOTION ADOPTED BY VOICE VOTE**