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 W. Madison, Suite 1925
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Minutes for the May 22, 2019, Health Benefits Committee Meeting

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 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

Committee Members Present:	Jack Fitzgerald (Chair); Robert DeGraff; Bill Kouruklis; Patrick McFadden; Kevin Ochalla
Trustees Present:	Joe Nevius
Staff Present:	Regina Tuczak, Executive Director; Jane Hawes, Director, Health Benefits; Rachelle Howliet, Senior Health Benefits Specialist; Tonya Jackson, Benefits Specialist
Others Present:	Daniel Levin, Segal Consulting; Tom Wyszomirski, Segal Consulting; Sean Donovan, CVS; Kathy George, CVS; James Hogan, CVS

Public Comment

Chairman Fitzgerald opened the meeting for public comment and no one having requested to address the Committee, the next item of business on the Agenda was considered.

1. Review and Consideration of April 24, 2019, Health Benefits Committee Meeting Minutes:

   It was moved by Trustee McFadden and seconded by Trustee Ochalla that the presented minutes of the Health Benefits Committee meeting on April 24, 2019, be adopted.

   Vote Result: MOTION ADOPTED BY VOICE VOTE

2. Segal Analysis of Ineligible for Free Medicare Part A and Alternative Coverage Options

   Dan Levin reviewed data showing the Fund spends ten times more to cover medical costs for members over age 65 not enrolled in Medicare than it spends on Medicare enrolled members. Based on UnitedHealthcare's 2018 data, the individual medical cost for non-Medicare members over 65 was $1,318 whereas the cost for Medicare enrolled members was $138.

   Approximately 500 CCPF Health Plan members over the age of 65 are not enrolled in Medicare because they are ineligible for free Medicare Part A due to their Cook County or Forrest Preserve employment record. These members enrolled in the CCPF Health Plan prior to 1/1/2019 when the Fund mandated Medicare enrollment for members ineligible for free Part A. Mr. Levin stated that although the Fund currently offers a $123 per month premium reduction for members who buy Medicare Part A, the Fund's reduced premium is not enough to offset the cost of Medicare's late enrollment penalties for some members. This is because Medicare charges 10% of the Part A premium for twice the number of years enrollment was delayed past age 65, and a lifetime 10% of the Part B premium cumulative for each year of late enrollment.

   Tom Wyszomirski presented an analysis of the non-Medicare over 65 members' late enrollment penalties. The analysis detailed how much premium credit or discount the Fund needs to provide in order for these members to avoid paying more than the Fund's current non-Medicare premium. Mr. Wyszomirski explained that annuitants in the Choice Plus Plan could break even past age 75 using solely a premium reduction, whereas survivors would break even up to age 69; however, most annuitants and all survivors in the Choice Plan are unable to get enough premium credit to break even at any age.

   Mr. Levin concluded that since a reduced premium cannot make Choice Plan participants whole, the only option would be to require Choice Plus Plan non-Medicare members over age 65 to purchase Medicare Part A. However, this rating strategy would likely force all affected Choice Plus Plan members to migrate to the Choice Plan which would result in increased premiums for all non-Medicare members and not lower the Fund's cost.

3. 2018 Pharmacy Benefit Plan - Performance Review:

   a. EGWP SilverScript and Wrap Plans: Sean Donovan reviewed cost and utilization reports for Medicare members in the SilverScript pharmacy benefit plan. While total costs increased 10% to approx. $42.5M, this was offset by manufacturers' rebates which increased 41% to $8.2M, and EGWP subsidies which increased 18% to approximately $14M. This combined to reduce overall costs by 7.6% to approx. $17M which resulted in a 9.6% reduction in the per member per month cost. Specialty drug cost increased 24% from the prior year; however, this increase was in-line with that experienced by other SilverScript plans. Mr. Donovan reviewed the top ten therapeutic classes and top 25 drugs and pointed out that although usage was consistent with prior years, the total cost of brand name antidiabetics was higher compared to other SilverScript plans due to a higher incidence of diabetes in the Fund's Medicare population. A review of the therapeutic classes in the Wrap Plan (also known as the Enhanced Benefit) showed a corresponding high utilization of diabetic supplies.

   b. CVS Commercial Plan: Jim Hogan reviewed the 2018 financial cost and utilization reports for the non-Medicare Commercial pharmacy benefit plan. Total plan costs increased 12% to $9.7M (net of rebates). This increase was due to gross costs increasing by 17% from prior year to $14M which were offset by a 44% increase in rebates to $3.3M. Mr. Hogan pointed out the member cost share decreased 15% over prior year due to member copays remaining flat as drug prices rose. Specialty

cost as a percentage of total costs increased 30% to $6.1M, whereas member share of the cost of specialty drugs decreased 14%. Mr. Hogan proposed the Fund could save approximately $1M by implementing the Value Formulary which requires more use of generics. The Committee asked for a comparison of the current Standard Formulary to the Value Formulary to understand how the change would impact members. In addition, the Committee asked about the viability of a similar strategy on the EGWP program, if the two programs were to stay aligned.

4. Administrative Report:

   a. UnitedHealthcare Review - Follow-up:
   Jane Hawes reported specialty drugs provided in physician offices or outpatient infusion centers accounted for approximately $4.8M of expenses paid through the UHC medical plans in 2018. The costs of specialty drugs paid by UHC combined with CVS EGWP SilverScript and CVS Commercial plan costs brings the Fund's total 2018 drug spend to $31M.

   b. Coverage for Organ Transplants:
   Ms. Hawes noted the Choice and Choice Plus plans cover transplant services at any in-network hospital, and the Choice Plus plan also covers transplants performed by out-of-network providers. Ms. Hawes recommended the Committee consider amending the benefit plan design to limit coverage for organ transplant to services performed at UHC transplant centers of excellence network providers.

   It was moved by Trustee Ochalla and seconded by Trustee DeGraff to recommend the Board considers amending the Choice and Choice Plus benefit plan design to only cover organ transplants done at a UnitedHealthcare transplant center of excellence and to exclude coverage for transplant services performed by any other provider.

   Vote Result: MOTION ADOPTED BY VOICE VOTE

   c. Medicare Enrollment for Disabled Members and Spouses under Age 65:
   Ms. Hawes reported that several members under the age of 65 are enrolled in Medicare Part A due to disability but not enrolled in Part B. When UHC adjudicates claims for these members, the Medicare payment is estimated; plan benefits are applied to the remainder, and the member is responsible for the amount Medicare would have paid in addition to co-pays or co-insurance. Ms. Hawes proposed that mandating Medicare A and B enrollment for members eligible for Medicare due to disability will significantly reduce members' out-of-pocket costs and create savings for the Fund.

   It was moved by Trustee McFadden and seconded by Trustee DeGraff to recommend the Board consider amending the eligibility rules, effective immediately, to include mandated Medicare Part A and Part B enrollment for members under the age of 65 who are Medicare eligible due to disability.

   Vote Result: MOTION ADOPTED BY VOICE VOTE

   d. Municipal Coalition PPO RFP Opportunity:
   Ms. Hawes reported the Fund has been invited to join the coalition of Chicago municipal agencies in a RFP for medical PPO administrative services for a January 1, 2021 effective date. The Fund's contract with UHC is set to terminate at the end of 2020 at which point the Fund could negotiate with UHC to renew the current contract or issue a RFP for administrative services. The Committee agreed joining the coalition RFP was an opportunity to leverage the volume of municipal member lives to secure competitive bids from vendors. Ms. Hawes informed the Committee that the RFP process

involves extensive data collection; detailed plan specifications for Medicare primary claims payment, and financial review which will require assistance from Segal consultants. Segal has offered a RFP project in lieu of the UHC medical claims audit which is included in the Segal bundled services agreement. The Committee agreed a medical claims audit was important to evaluate UHC's performance and should be completed this year and also recommended Segal be engaged for an additional project to assist with the coalition RFP.

It was moved by Trustee McFadden and seconded by Trustee DeGraff to recommend the Board consider engaging Segal to assist with the coalition RFP project for a cost not to exceed $45,000.

Vote Result: MOTION ADOPTED BY VOICE VOTE

e. Project to Gather Information about Other Health Insurance Options:

Approximately 100 members dropped the Fund's health coverage for 2018 and re-enrolled during open enrollment for coverage in 2019. Ms. Hawes suggested gathering information about other coverage options and making this available to members to help them compare health insurance purchases before making a decision to dis-enroll. After discussing the risks to members who delay care after dropping the Fund's coverage, the Committee recommended the Board consider eliminating the option of opting in and out of enrollment.

It was moved by Trustee DeGraff and seconded by Trustee Ochalla to recommend the Board consider a change to the eligibility rule that allows re-enrollment in the Health Plan after a member drops coverage.

Vote Result: MOTION ADOPTED BY VOICE VOTE

5. Revised Exception Policy

Gina Tuczak informed the Committee that the policy will be revised as requested by the Board of Directors and presented for review and approval to the Board.

6. Old Business/New Business

There was no old business or new business discussed.

7. Adjournment

There being no further business before the Committee, it was moved by Trustee McFadden and seconded by Trustee DeGraff that the trustees adjourn the meeting.

Vote Result: MOTION ADOPTED BY VOICE VOTE

The next Health Benefits Committee meeting is scheduled for August 6, 2019, at 9:30 a.m.