Self-Insurance Governing Board

Meeting Minutes

Virtual Meeting April 25, 2022

Attendance: Mark Gassaway, Finance Director

Sara Lowe, Deputy Treasurer

Emily Zwetzig, Budget Director

William Winfield, HR Director

Leslie Lopez, Chief Civil Deputing Prosecuting Attorney

Amie Johnson, Board Chair

Maria Vergis, Scribe

Guests: Allie Huang, Aon

CJ Hudson, Regence

Kayce Presnell, PBM Prime Therapeutics

Sarah Redford, Aon

Jenny Royer, Regence Pharmacy Team

Jennifer Weddle, Aon

Molly Woolard, Regence

**Approval of meeting minutes from 8/16, 9/22, and 11/16/21-All**

* Emily moved to approve the minutes.
* Mark seconded the motion. All in favor, the minutes were approved.

**Regence Yearly Reports-CJ Hudson**

The claims audit recommended the county receive a few different reports on an annual basis to highlight areas of plan performance. Regence is providing these new deliverables as a result of the recommendations.

* **Member Services Report**-provides some operational metrics that Regence tracks.
  + Beginning Q1 2020 to Q4 2021, the plan had lower claims volume and group PMPM (per member/per month) cost than ASO (administrative services only) aka Regence Book of Business (BOB).
  + There were only 3 claims that were appealed. The denials were upheld.
  + There were 33 pre-authorizations approved and 7 denied. CJ said the denial categories can be reviewed to look for future benefit considerations.
  + Benefit authorizations are another area where the plan would want to look at adding benefits.
  + Amie said the Board could make reviewing denied appeals part of an annual review process.
  + Customer service
* There were 379 calls about claims status. William said that seemed like a lot of claims status questions.
* Amie said she can provide more communication to members about how to use the Regence website to log-on and view their claims status.
* CJ said understanding claims is confusing. People have a lot of questions about benefits and deductibles. He said some people check to make sure the provider is billing correctly. He also said some of the unique 379 calls could be from the same person.
* Regence can handle most claims and other customer service needs during a first call or contact resolution process.
* Call center performance is better for the group compared to Regence BOB.
  + Average speed of answer is 25 compared to 45 seconds
  + Call abandon rate is 0.83% compared to 5.00%
  + First call resolution is 73.43% compared to 72.00%.
* **Subrogation Report-Molly Woolard**-this is another recommended report to review an open inventory of third-party liability claims and the amounts recovered.
* Regence has methods to identify claims that could be the responsibility of another party.
* Not all 3rd party claims will result in recovery.
* Washington state is difficult to negotiate with because they have a “made whole clause”. The member must be made whole before the health plan can recover payments.
* Regence as an ASO provider strives for a 2/3 reimbursement on claims paid for self-insured groups.
* This is also the standard recovery for MVA’s to allow 1/3 of the cost for attorney fees.
* Regence uses artificial intelligence to look at typical injury type claims, diagnosis codes billed, and dollar thresholds to trigger sending member an incident report to determine 3rd party liability.
* **Member Cost Savings Report**-highlights the value of the provider network. The claims auditor felt the group needed this report to understand all the cost savings components of claims administration. There are several cost savings items between billed and paid claims.
* Total claims billed for 2021= $29.055 million compared to total paid claims=$13.302 million.
* The billed amount includes bills from all providers (preferred, non-preferred, and other).
* Provider discounts reduced total claims paid by $10.463 million. These discounts are the negotiated rates between Regence and the provider. Providers cannot balance bill members for the difference.
* 99% of claim paid were from network providers. This is a good metric for the group.

**SI Claims Audit Outcomes-Amie/CJ**

* During renewal Regence made AWP, dispensing fees, and rebate adjustments to the pharmacy plan that resulted in a $96k savings to the county.
* The audit findings determined that the Regence pharmacy contract was not competitive or in alignment with the market.
* Regence made a second round of adjustments for savings over a 3-year period. At the end of year 3, total savings is $553k.
  + Year 1: $378k
  + Year 2: $92k
  + Year 3: $83k

**Experience Summary All plans-Sarah Redford**

* Regence Self-Insured
  + The loss ratio for the MOU group was 104.0%, which is better than anticipated.
  + DSG/CDG/SAA loss ratio was 80.2%
  + The blended loss ratio for both groups is 99.4% compared to 99.7% for 2020.
  + Aon presented graphs that show the volatility of claims from month to month. Health care costs fluctuate every month, sometimes claim costs are above or below the budgeted premium.
  + The DSG/CDG/SAA is a smaller group that has less volatility. This group also had no large claims over the stop loss threshold.
  + The plan received reimbursement from the stop loss carrier for 6 people who had claims that exceeded $200k. Cancer was the diagnosis for 4 out of the 6 high-cost claimants.
* Delta Dental plan
  + The loss ratio was 120.3%, which is 20% over budget compared to 102.0% for 2020.
  + The Self-Governing Board has been using reserve to buy down rates.
* VSP-fully insured
  + Plan is running well. The loss ratio was 81.0% compared to 76.6% for 2020.
  + Target loss ratio is 80-85%.
  + 2022 is year 3 of rate hold.
  + Aon does not expect a rate hold in 2023 due to an increase in experience.
* Kaiser-Medical
  + The loss ratio was 72.0%. This is great experience. Aon expected the experience to be higher. Kaiser provided a rate reduction during renewals.
  + Aon expects the loss ratio to increase. The target loss ratio is 80-85%.
* Kaiser-Dental
  + The loss ratio was 71.2%.
  + There was a rate hold in 2022.
  + Aon expects a 15% rate increase.

**2021 IBNP Report-Sarah Redford**

* The purpose is to report the estimated Incurred but Not Paid claims reserve for the self-insured medical, pharmacy, and dental plans offered by Clark County.
* The report is an estimate of claims incurred and outstanding unpaid claims liability. The report also includes processed claims that have not cleared the bank.
* The estimated IBNP claims data through December 31, 2021:
  + Regence-Medical $1,092.400
  + Regence-Rx $ 14,800
  + Dental $ 60,300
  + Total $1,167,500
* Dental reserve increased by 5.5% and the Medical/Rx increased by 0.9% compared to 2020.
* Overall increase to the medical reserve is pretty good. Changes are based on payment patterns and take into account the speed of claims payment.

**2021 End of Year Financial Review-Mark Gassaway**

* YTD Actuals 2021
  + Total Revenue Total Expenditure
    - $19,741,419 $19,737,891
* Projected 2022
  + Total Revenue Total Expenditure
    - $17,973,815 $19,451,401
* The 2021 dental reserve was 416% and the 2022 projected reserve is 434%.
* The 2021 medical reserve was 187%.7 and the 2022 projected reserve is 130.9%.
* Mark said he did not want to build reserves or shift them between medical and dental funds. The intent is to use the reserves.
* He did not do a projection using only 3 months of data because of the very small increase.
* Emily asked why the revenue (budget) was so low for 2022. She said the revenue side of the equation needs to be trued up like it is on the expense side.
* The fiscal year projection for 2022 revenue is $20,923,486.
* Mark and Emily will work together with ongoing baseline adjustments.
* They will also work together to finalize the fund balance policy and have it adopted by the Council.

The next meeting is May 23rd.

During July’s meeting, Mark will provide a fund review projection using 6 months of data.

Meeting Adjourned.