Self-Insurance Governing Board

Meeting Minutes

Virtual Meeting July 9, 2024

Attendance: Mark Gassaway, Finance Director

Sara Lowe, Deputy Treasurer

Emily Zwetzig, Budget Director

Leslie Lopez, Chief Civil Deputing Prosecuting Attorney (arrived after the vote)

Amie Johnson, Board Chair

Absent: Lora Provolt, Human Resources Director

Maria Vergis, Scribe

Guests: CJ Hudson, Regence

Leah Lorincz, Regence

Wisam, Younis, Regence

Megan Poppe, Aon

Sarah Redford, Aon

**Approval of meeting minutes from 5/1/24-All**

* Mark moved to approve the minutes.
* Sara seconded the motion.
* All in favor (Mark, Sara, and Emily) approved the minutes.

**Regence 2023 Utilization and Strategy**

**Utilization and Cost Review- Leah Lorincz**

**Current Period**: Data incurred January 2023 – December 2023

Paid January 2023 – March 2024

**Prior Period:** January 2022-December 2022,

Paid January 2022-March 2023

**Benchmark data:** Regence comparison-4 state cohort group (OR, WA, ID, UT).

**High-cost claimant-Total paid expenses greater than $100k**

**Key take aways for this review period**

* Overall, medical and pharmacy costs have increased, and they are above benchmark.
  + The increase is driven by increased pharmacy costs in addition to the cost of outpatient drug infusions, which are paid as medical benefits.
  + The group continues to have high utilization of professional services. It has helped to reduce ER utilization, which is below benchmark.

**Key take aways for this review period (continued)**

* + Most of the top 10 chronic health conditions are above benchmark. There are also more members with chronic conditions who are in the at-risk category compared to the stable category.
  + There is good utilization of professional behavioral health services.

**Opportunities**

* + Continue to encourage primary and preventive care.
  + Promote solutions already in place like Omada, Hinge Health, and MDLive.
  + Continue to educate and promote access to virtual Behavioral Health providers. Regence has a suite of virtual providers that are in the network. A virtual network can be helpful for members needing specialized providers. Specialized providers can be difficult to access in person, due to their small numbers.
  + Consider adding an enhanced care management program. This solution focuses on engagement with chronic at-risk members to help them stabilize.
  + Consider adding a specialty Rx tier to the PPO plan and the Enhanced Medication Support program.

**Health Plan Summary**

* Demographics
  + The average number of members is 2,300, which is about a 3% increase year over year.
  + The average age is 34.6, and 51% of members are female, which matches the benchmark for age and sex.
  + The contract size is 2.5, which indicates a fair number of dependents on the plan.
  + The average subscriber age (employee) is 45. Adults in the group are in their mid-40’s, which is a time when chronic health conditions are getting diagnosed and the reason there are a lot of chronic conditions in the population.
* Financials
  + The total medical and pharmacy spend for the current period was $19.7M compared to $16.7M for the prior period. This is about an 18% trend increase.
  + The Paid per Member per Month (PMPM) had a 14% trend increase and is 35% above benchmark. A lot of this increase is related to professional services.
* Paid PMPM by Category
  + There were smaller increases for inpatient facility spend at 8% and professional services at 8.3%.
  + Facility Outpatient services had a 14.8% increase.
  + Pharmacy had a 30.5% increase, so both pharmacy and facility outpatient were the main cost drivers.
* High-Cost Claimant PMPM
  + The portion of spend for high-cost claimants was 25% compared to 20% for the prior year. This was a little below benchmark of 28%.
* Medical Utilization and Cost by Service Type (Trend drivers)
  + The inpatient PMPM increased a little bit and is just slightly above benchmark.
    - Utilization decreased slightly and was below benchmark.
    - The average cost per admission increased 13% and is slightly above benchmark. The increase was driven by medical admissions and some high-cost claimant members.
  + The outpatient facility increased 30% in paid per visit.
    - The PMPM cost is below benchmark because utilization was low. There was a 12% decrease in outpatient services.
    - The increase in medical spend is driven by outpatient infusion costs. These IV medications are typically more expensive, and often used to treat cancer or autoimmune conditions.
  + The avoidable Emergency Room rate was 42% and is similar to benchmark at 41%.
    - The year over year cost increase was 23%.
    - There was an 11% increase in visits per 1,000, and a 12% increase in paid per visit, which was a little above benchmark.
    - There’s an opportunity with potentially avoidable ER visits to help people remember to use services like urgent care, calling their primary care provider first, or using MDLIVE to further reduce avoidable ER utilization.
  + The PMPM cost for professional visits was quite a bit above benchmark, which was primarily driven by above benchmark utilization of services across all types.
    - There was a 10% increase in paid per visit.
    - The group uses more evaluation and medical visits, which includes annual visits and targeted visits for chronic conditions.
    - There were also more physical therapy, speech therapy, and other therapy visits above benchmark.
* High-cost claimant summary
  + 1.1% of the population accounted for 25% of plan spend.
  + The volume of high-cost claimants per 1,000 members was high at 11.4. Regence ideally likes to see 6 or 7 high-cost claimants per 1,000.
    - It’s about a 32% increase year over year in volume, but in raw numbers only an additional 6 members reached the $100k threshold compared to the prior year.
  + The average pay per high-cost claimant was $192k. Regence likes to see the average pay below $200k.
  + While there was a higher volume of high-cost claimants, the average cost was lower, so it helped keep the impact to only 25% of plan spend.
  + The top conditions for high-cost claimants included cancer, cardiovascular (heart attack/stroke), and autoimmune conditions.
  + There was also an impact from the non-high-cost population. The PMPM increased 7% year over year but was 37% above benchmark due to lot of utilization for professional services.
* Population risk stratification
  + Healthy members were 32% of the group’s population in the current period. The benchmark for healthy members was 39%.
  + Chronic at-risk members were 26% of the population and were responsible for over 37% of plan costs. These are members with chronic conditions that are not well managed, which could be related to care gaps or lack of medication adherence. They are at risk for complications.
  + Chronic stable members were 22% of the population, but only responsible for 10.7% of the annual spend.
  + There are significant benefits to helping at risk members manage their conditions, not only for better health outcomes but to lower plan costs. The group currently has a core care management program. Regence also has an enhanced care management program that focuses on at risk members.
  + The group is also impacted by the major illness category, which was 2% above benchmark. This population is responsible for about 28% of plan spend.
* Discussion:
  + Mark said there’s a huge potential to move the needle with the major illness and chronic at-risk groups, given 60% of spend is from 40% of the population. He said the governing board doesn’t have the tools to do that.
  + Amie said Regence presented information about the enhanced care management program to the HCC. She doesn’t think they will add the program because of cost.
  + She and CJ are talking about having a webinar to highlight the current chronic condition resources the plan already has available.
  + Leah said she didn’t know if there was a way to incentivize people to use and get more utilization out of the current programs already in place, like Omada for management of Diabetes and hypertension.
  + She said there are buy-up levels for the enhanced care management program. One of them includes ROI and performance guarantees.
    - She said 50% of the program’s outreach targets the chronic at-risk population. This group may also have other socio-economic needs, or behavioral health needs that make it difficult for them to manage their condition.
    - The program can provide navigator support to help people access care.
  + Amie said the HCC is considering adding Garner as a plan option. It sits on top of the Regence plan and act like a HRA (health reimbursement account) if members use their high-qualify network of doctors.
    - Garner uses claims data to determine the highest performing doctors by quality and cost.
    - Enrolled members who use Garner providers receive reimbursement for their out-of-pocket expenses, like copays up to $1,000 for employee coverage or $2,000 for family coverage.
  + This plan option incentivizes members to use doctors that are providing lower cost medical care.
  + Sara said the HCC has an opportunity to educate their members about the cost impact from people who are not managing their chronic health conditions. She said people need to take personal responsibility for their own health, but also to the cost of the health plans.
  + Amie said the HCC is going to decide whether they want to add the enhanced care management program so the discussion about members not managing their chronic conditions will come up.
* HEDIS Preventative Care
  + HEDIS uses national measures to compare the group’s preventive health care outcomes with other reporting health plans. The group is doing a good job with preventive care.
* In Network virtual behavioral health providers
  + Virtual mental health specialty includes providers that offers specialized treatment for conditions like OCD and eating disorders.
  + There are also a couple of providers that offer substance use support virtually.
  + Behavioral therapy and medication management, as well as emotional and well-being support are also offered through the virtual network.
  + The virtual network provides convenience and improves access to behavioral health concerns.

**Pharmacy Utilization & Cost Review-Wisam Younis**

* Pharmacy Summary
  + Specialty medication consumed 54% of total pharmacy spend from 88 individuals and was below benchmark of 56%.
  + The paid by PMPM went from $138 to $180, which is above benchmark of $128.
  + The increase was not because the population used more medications, but primarily because more expensive medications were used.
  + Generic utilization increased from 81% to 83%, which is getting closer to the 85% benchmark.
  + The member cost share is lower than benchmark because the benefit is richer. When there is more specialty drug utilization, the member cost share decreases because of out-of-pocket limits. This results in the plan paying more.
* Top 20 medications by cost for both periods
  + The top medications commonly used are for Diabetes, Autoimmune Disease, and Cancer.
  + Half the drugs on this list are specialty medications that drive up cost.
  + Ozempic is the number 3 drug by cost. There is a nationwide increase in utilization.
    - These GLP-1 type drugs have gained popularity not only for Diabetes but for weight loss.
    - Regence strengthened their prior authorization in October 2023 to make sure the medication is utilized only for Diabetes.
    - About 80% of people with Diabetes are overweight, so doctors are switching patients from other Diabetes medication to Ozempic to not only control their condition, but also to help with weight loss.
    - The average cost is $1,300 a month.
* Top 20 medications by utilization or claims volume for both periods
  + There were a lot of generic drugs on this list.
  + There continues to be a drop in utilization of Hydrocodone, generic Vicodin for pain. The group is above benchmark for pain, but the disease prevalence has dropped year over year and has stabilized.
  + The other top medications on this list are typical for blood pressure, thyroid, and behavioral health.
* Current pharmacy programs and opportunities to moderate cost.
  + The pharmacy plan is tightly managed by the formulary, and other programs have been put into place to drive generic utilization.
  + Regence is seeing more movement towards adding a 4th tier to address specialty drugs.
    - Of the new drugs coming to market two-thirds are specialty drugs.
    - On a 3-tier plan design, specialty drugs typically fall under Tier 2 because most specialty drugs are preferred with no generic alternative. The copay is typically $30 to $50 for a PPO plan when medications cost over $5,500 a month.
    - The typical specialty copay tier is $100 to $300.
    - The higher specialty copay is meant to incentivize members to seek drug manufacturer coupons. Having a $20 to $30 copay may not incentivize members to seek coupon assistance. Over 85% of specialty drugs have some type of manufacturer assistance.
    - There are 88 individuals on specialty medication.
  + Regence recommends the enhanced medication support tool. Enhanced Medication Support (EMS) is an upgrade from what the plan currently provides.
    - The cost is $0.60 PEPM. Based on the group’s claim experience over the last 12 months, there’s a $100k savings opportunity if members enroll and engage in the program’s recommendations.
      * The program provides information about drug safety, lets members know about lower cost alternatives, or change to a 90-day supply to save members and the plan money.
      * Members can also to talk to a pharmacist for questions.
* Pharmacy Management Program Outcomes
  + Collectively the programs have saved $24.08 PMPM in 2023.
  + The estimated savings from the new Integrated Rx program on just 3 cancer medications was $68,351.
    - The is a network of provider-based pharmacies, cancer, and cystic fibrosis centers. Regence has over 450 provider clinic pharmacies across the nation.
    - Members can receive specialty medication from one of these providers if the price is as good or better than Accredo, which is the plan’s preferred specialty pharmacy.

**Considerations-CJ Hudson**

* + The recommendation is to add Enhanced Care Management. The program supports high-cost claimants who have chronic health conditions.
    - The enhanced program has a lower engagement threshold for high-cost claimants on both the medical and pharmacy side and improved reporting, compared to the existing care management program.
    - The cost is $4 PEPM compared to $2.95 PEPM for the current core care management program.
    - Regence believes the additional cost will be offset by a more robust program that has more members being more closely managed.
  + Regence recommends adding the Enhanced Medication Support tool to help members make informed decisions regarding medication costs. The program helps steer members towards preferred and higher value medications.
    - Based 2023 claim experience, Regence sees potential savings of $100k (assumes 100% engagement) on steerage towards lower cost medications.

Meeting Adjourned.