

**Benefits Focus Group Minutes  
(6/5/02)**

Committee members, alternates and staff advisors present:

Benita Saldutti  
Dick Minster  
John Glanden  
Veda Mahadi  
Kevin Stiff  
Karen Lusk  
Stacey Monroe  
Joyce Dolan  
William Tatum  
Andy St. John  
Casey Humpert  
Dolly Gamble  
Mark Trefethen  
Robert Blinch-Edwards  
KayKae Thomas  
Linda McKinney  
April Bryan

Benita Saldutti called meeting to order at 1:05 p.m., June 5, 2002, in Room 303A, City Hall Annex. Roll was called.

The first item to discuss was cost information. Linda McKinney said she had spoken with Kurt Gehring and he was not able to supply the group with their request to get the numbers in a timely manner to have for review. He will have them for the group on Monday. She explained to him that the group had decided that the dental and medical costs would not be separated and asked him to make a recommendation that would generate the same amount of revenue that would have been generated with the separation by adding it onto the other premiums. She also asked him to include the retiree information on a separate form, but in the same format for comparison. When Ms. McKinney gets the figures, she will give them to Finance. After their approval, she will distribute them to the Group as soon as she can before the meeting.

There was a discussion about EPO2 and Ed Whitehead's concern regarding people traveling outside of the six county area. Ms. McKinney said she had checked with EMI about calling your EPO doctor for referral when you are out of state. The member can get a prescription, but cannot see another doctor and be covered. That coverage would only be available through participation in the PPO. The EPO2 is actually for people who reside outside the area and do not merely travel.

Next item for discussion was lab usage. Robert Blinch-Edwards said that of the total lab visits for people who had monthly and quarterly visits, only six have monthly visits. The total for the year is 734 visits, however some may be several lab services on one visit. The number is not broken out by individual visits.

The \$15 copay would not apply to wellness lab services. Although it will not generate a lot of income, it will give the member cause to consider if the lab is necessary. Ms. Saldutti said she would like to see the group focus more on the user fees rather than just tacking the extra cost onto the dependent premiums. Otherwise the dependents are paying for the increases rather than those who use the service. She pointed out that 49% of the participants do not have dependent coverage. Ms. McKinney pointed out that that was fine but those that do not use the system very much will still have to kick in more, even though that doesn't sound fair, that is the way insurance works. It is a pooled resource. In addition, the employees will not incur any increased cost, the increase will be for their dependents only. This will not generate enough cost.

Joyce Dolan said that she never knew that it was the responsibility of the group to wipe out a \$6 million debt, and that it was never the intention of the retirees for the dependents to bear the burden or for the active employees to pay for them. Ms. McKinney said the Group must provide options to manage within a reasonable manner. The Commission cannot continue to pass the costs on to the City and provide the same type of coverage. Something has to give. There has to be more participation from the participants. When you say that no employees will pay for their coverage, when you say we will not break out these costs to give that option to employees, then your choices become very narrow. They are either at the time of service, which will not generate enough savings, or at the time of participation which will generate funds above and beyond use. Ms. Saldutti said that originally the Group was given a very short time to come up with a recommendation for April 1. They did that. She was disappointed that they were not given more time to prepare the next recommendation and that they had to do something so soon before seeing the results of the previous recommendation. Since it took several years to get where we are, it is not reasonable to expect the Group to correct that in a short period of time. She would like to think of this recommendation as one more transition, not the "end all" recommendation, as to what will go into place further down the road.

Ms. McKinney said she was not sure that was an option for the City Manager. Dolly Gamble asked if there was a dollar amount that needed to be reached with, and if so, the Group just needs to get it done. The Group is at a deadline and needs to make some hard decisions. Ms. McKinney said she did not have a specific dollar amount. She was just told to get a recommendation from the Group that they thought was reasonable. Then the City Manager would consider that.

Ms. Saldutti suggested the Group look at the handout from last meeting (Total Projected Savings on Medical Plan from Kurt Gehring), go through the projections and decide if they wanted to include them in their proposal.

Mandatory generic requirement unless medically necessary: Dick Minster made motion to approve, second by Pat Horan. Motion approved unanimously.

Mandatory mail order for maintenance drugs: Motion by Mr. Minster, second by Stacey Monroe. Motion approved unanimously.

\$15 copay for EPO lab work: Ms. Monroe made motion, second by Mr. Minster. Motion passed unanimously.

Disease management: There will be a cost to the plan up front but will hopefully create a savings over the long term by creating healthy employees. Mr. Minster made a motion for the plan to pay up to \$500 per prescribed program and the participant to pay a \$15 copay per visit. Second by Ms. Monroe. Motion passed unanimously.

Next Monday new premium rates for dependents will be provided, which will include retirees.

There was some discussion about the 12 month wait and see policy. Ms. Saldutti felt it would have very little effect since most doctors will prescribe if you really want something and it may send a negative message to the participants who may think something is being taken away from them. It would probably not have much financial impact one way or the other.

Ms. McKinney said with this requirement on the plan, the doctor can write medically necessary, but it will not be covered unless there is an appeal for a medically necessary condition by the doctor. The intention is not to keep people from having something they need. If it is proven that it is the best treatment available, it will be approved. It will just involve an additional step.

Robert Blinch-Edwards explained Prescription Step therapy. The doctor prescribed an alternative therapy that is an inexpensive proven therapy first. If that does not work, then the next expensive therapy is tried and so on. It is up to the doctor to decide, but this would alert the doctor that there is a step therapy program that is necessary before just prescribing a new drug. This would take some time to implement into the plan and the savings in the first year would be practically nil. There is a lot of work to do before the program is implemented. The program would have to be identified and then have a full protocol created. Introducing the concept is the first step then introducing all the therapies that this would be applicable to is the second step. If this plan were introduced, would need to continue to follow and report on results through 2003 to see if it is a cost saving.

Mr. McNees entered meeting. Ms. Saldutti asked him if he had any comments for the Group. He said he was just stopping by to observe.

Dolly Gamble said she wanted to go back to the issue of placing more of the burden on the user. When the copays were increased from \$10 to \$15, what kind of revenue was raised from that? Ms. Saldutti said that figure is unknown because the Group does not have the results from the April 1 changes yet. There are estimates, but no solid dollar figures. Ms. Gamble suggested to go another \$5 on all copays as well as increase dependent premiums. John Glanden said he thought raising the copays again would place an undue burden on the employees. Ms. McKinney pointed out that if the changes implemented on April 1 turn out to be positive, the group should not automatically think everything is okay and stop. This same group criticized the City for not taking action over a period of time. As this group goes forward, there needs to be a

consistent addressing of this issue. It is not something that can be done in one shot and then walk away. In the short term, we have to get his fund up to a healthy status, the need to build up the reserves.

The total for changes approved equals \$570,000. Ms. Saldutti said that on the disease management recommendation, Kurt Gehring had costed it out with the assumption that the plan would pay the entire amount. Now that the \$15 copay has been recommended that number needs to be modified.

Next item of discussion was higher copays for EPO and EPO2. The majority voted yes with two dissenting. The consensus was that increased copays would mean the premium increase could be more conservative. The Group asked Ms. McKinney for cost out for both amounts (\$20 and \$25) and then a decision will be made. John Glanden expressed concern that increasing copays in EPO would discourage people from transferring from PPO. Ms. McKinney pointed out that all copays had been removed from PPO and deductibles and out of pockets had been increased.

Ms. McKinney said she would like to keep copays for TeamHealth the same in order to give a low cost option to employees. Group agreed. KayKae Thomas asked about difference in copays for regular doctors and specialists. Would all copays go up a certain amount, or all go up to the same rate?

Charles Senf pointed that the concept of going from \$15 to \$20 in effect is a 30% increase. That percentage could be used across the board to increase all the copays. This would make it easier to cost out. The TeamHealth copays could also be increased the same percent so everyone shares in cost.

After discussion, the consensus of the group was to get a cost estimate for copays for doctors at \$20 with specialist visits at \$25. Also would like a cost estimate for raising all copays to \$25. Ms. Gamble asked about cost for dependent coverage. Ms. Saldutti said that personally she did not want to see dependent coverage go up \$7 or \$9/week across the board, especially since the copays are being raised. Casey Humpert asked if raising copays on prescriptions had been addressed. Ms. McKinney said that it was hoped with instituting the 12 month wait and see policy, the mandatory mail for maintenance drugs and the requirement for generic drugs would provide a cost savings instead of raising the copay again.

Ms. Gamble said she thought a 10% increase in premiums was reasonable. Ms. McKinney said the reason she proposed the higher rates on the PPO was to make a division from the EPO2 and make the PPO less attractive.

Next was a discussion of the Kurt Gehring letter, specifically his request to participate in the Group's meetings. He indicated he would charge for any activity he does as far as costing out, but would consider not charging for participation in meetings. He would only attend meetings that were convenient and had a low cost impact for him.

The Group's recommendation has to be done by June 12 for the City Manager. He will then make his recommendation to the Commission for the budget. The Commission will make the final decision.

Stacey Monroe asked if the group is going to take a hiatus after the recommendation is made to City Manager. Consensus was to take a break from meeting after the presentation. The Group would like to make the presentation the same way as last time – in the Chambers. At the next meeting, the group will discuss the meeting schedule.

Next meeting is June 10, 2002, at 1:00 p.m., in the City Commission Chambers.

Meeting adjourned at 2:30 p.m.

Minutes Approved: August 7, 2002

Benita Saldutti, Vice Chairperson