

# MINUTES

## PUBLIC AGENCY COALITION ENTERPRISE (PACE)

### EXECUTIVE COMMITTEE MEETING

October 25, 2023

2:00 pm

#### I. CALL TO ORDER

The meeting was called to order at 2:01 pm.

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#### II. ROLL CALL

##### EXECUTIVE COMMITTEE MEMBERS:

GUSTINE, CITY OF  
REGIONAL GOVERNMENT SERVICES  
SANGER, CITY OF  
SUPERIOR COURT OF CA, MENDOCINO COUNTY  
TRUCKEE DONNER RECREATION & PARK DISTRICT

Melanie Correa, Non-Officer Member  
Christina Nygard, Non-Officer Member  
Becky Padron, **Secretary/Treasurer**  
Kim Turner, **Vice President**  
David Faris, **President\***

##### MANAGERS:

KEENAN & ASSOCIATES

Peter McNamara  
Christine Hough  
Melissa King

##### OTHERS:

KEENAN & ASSOCIATES

Mary Boyer  
Dayna Gowan  
Alexandria Van Brunt

ANTHEM

Joelle Jarmillo

EMPIRX

Michelle Rimes  
Haajar Yanes

EIDE BAILLY

Andrew Park

\*David Faris left the meeting at 3:00 pm. A quorum was still in effect.

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#### III. PUBLIC COMMENTS

There were no public comments.

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**IV. APPROVAL OF AGENDA – October 25, 2023** **Action**  
**2023-049**  
Presented by David Faris

Motion to approve the October 25, 2023 Agenda: 1. Kim Turner and 2. Melanie Correa. Motion unanimously approved by the Executive Committee.

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**V. APPROVAL OF MINUTES – August 23, 2023** **Action**  
**2023-050**  
Presented by David Faris

Motion to approve August 23, 2023 Minutes: 1. Kim Turner and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

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**VI. CORRESPONDENCE** **Information**  
**2023-051**  
Presented by E. Peter McNamara

The new Anthem Building Healthy Families maternity management program materials were reviewed.

A sample of a letter being sent to members enrolled in the Anthem Preventive Rx for HMO plans program outlining benefit updates taking effect January 1, 2024 was reviewed.

Kaiser communication regarding changes to their COVID-19 cost sharing effective November 11, 2023 was reviewed.

An EmpiRx analysis showing savings of approximately \$500k if a mandatory mail order component was included in the PACE EmpiRx program was reviewed.

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**VII. FINANCIAL**

**2022 FINANCIAL AUDIT** **Action**  
**2023-052**  
Presented by Andrew Park, Eide Bailly

The completed 2022 audit as of December 31, 2022 was reviewed. Eide Bailly gave PACE an unmodified or clean opinion (the highest possible rating) based on financial statements prepared by SETECH. Eide Bailly also reported SETECH's internal controls and checks/balances for preparation of PACE's financial statements have no deficiencies.

In the 2021 audit, Eide Bailly found a deficiency in the financial reports regarding how pending stop loss reimbursements were recorded and made recommendations how to correctly report pending reimbursements going forward. In the 2022 audit, the recommendations had been implemented and no deficiencies were reported.

Motion to accept the December 31, 2022 PACE Audit presented by Eide Bailly: 1. Kim Turner and 2. Becky Padron. Motion unanimously approved by the Executive Committee.

**QUARTERLY FINANCIAL REPORT** **Information**  
**2023-053**  
Presented by Mary Boyer

The Q3 Financial Report as of September 30, 2023 was reviewed along with the LAIF and CAMP statements. Currently excess funds are mostly placed in CAMP as the interest rate is approx. 2% higher than LAIF. Estimated projected cash position as of 12/31/23 is \$11.7M.

The Executive Committee discussed the feasibility of incentivizing groups to pay premium early as some agencies, such as Superior Courts, may have their funding front loaded each year. PACE Management will discuss the concept with SETECH to determine if there is a way to incentivize agencies to pay early without penalizing those agencies who pay on time. There would be true ups required for both revenues and expenses.

The PACE 2024 Preliminary Budget was reviewed based on final 2024 rates and estimated enrollment. The final 2024 Budget will be reviewed in early 2024 once the 2023 financials are closed out.

Anthem claims for the previous week were higher at approx. \$400k. Anthem claim activity has increased since September although there have not been any claims over the stop loss attachment point of \$260k. Claims typically increase in the fourth quarter of each year for a variety of reasons, including providers submitting claims to carriers before the end of the calendar year, and PACE Management will continue to monitor them.

**ANTHEM UPDATE**

Presented by Joelle Jarmillo

**Information**

**2023-054**

The September utilization report was reviewed. There have been 12 high cost claims over \$100k so far in 2023.

The maternity management program, currently included in all Anthem PACE plans, is being expanded and rebranded as the Building Healthy Families program.

**ANTHEM SELECT NETWORK UPDATE**

Presented by E. Peter McNamara and Melissa King

**Action**

**2023-055**

This topic was discussed at the August 23, 2023 Executive Committee Meeting and has been brought back as an agenda action item for this meeting. The Anthem Select Network narrow network program, which can bring more options to potential PACE groups, was reviewed. Many requests for PACE quotations are coming from Southern California agencies where the Select Network plans offer savings when compared to full network plans. PACE Management proposes the Select Network option be offered on the PPO 250 plan and the HMO 20 plan to new agencies in 2024 and for existing agencies beginning with the 2025 plan year renewal (unless there is a special enrollment). PACE Management will carefully consider when it is appropriate to offer Select Network plans.

Based on the underwriting guidelines regarding the number of plans an agency can offer, offering a Select Network plan option would replace one of a group's current plans rather than adding an additional plan to their current plans.

Joelle Jarmillo indicated the Select Network would work well in Southern California and the San Francisco Bay Area metropolitan areas; however, she cautioned it is not a good fit for the central valley and central coast areas based on rural geographical layout in those areas.

Motion to approve offering Anthem Select Network plans as options in the 2024 plan year: 1. Kim Turner and 2. David Faris. Motion unanimously approved by the Executive Committee.

### **ANCILLARY UPDATES**

Presented by Melissa King

**Information**

**2023-056**

The LiveHealth Online utilization report was reviewed.

The EmpiRx utilization report was reviewed. With the cost containment programs introduced in 2022, specialty drug utilization has been reduced to 36% from 68% which reduces PACE's overall drug spend.

### **EMPIRX PROGRAM REVIEW AND Q&A**

Presented by Michelle Rimes and Haajar Yanes, EmpiRx

**Information or Action if need be**

**2023-057**

Michelle Rimes and Haajar Yanes presented a PACE program overview including information on cost containment options.

1. Weight loss medications: Currently members are required to have preauthorization based on obesity or obesity with a co-morbid condition. EmpiRx proposes adjusting the clinical criteria for new utilizers to members who are morbidly obese with a BMI >40 or obesity with a co-morbid condition with a BMI>35. This would reduce the number of members eligible for the medication and reduce drug spend. There are currently 31 users of weight loss medications and a grandfathering policy would be required to avoid disruption to these members' therapy as they would most likely not meet the criteria for morbid obesity since they've been utilizing the medication. Current users undergo clinical review every 16 weeks to ensure continued proper use and weight loss. The cost per year per utilizer is approximately \$18k.

Another option is to exclude the entire weight loss management medication category of drugs from the PACE plans.

2. Biosimilars: Humira is one of the top cost drivers for PACE and not included in the specialty cost containment program. In July 2023, eight new biosimilars to Humira were released. The biosimilars cost approx. 2/3 less than Humira. Biosimilars are clinically similar to an original medication; however, a new prescription is required. EmpiRx is conducting educational outreach to providers with members who utilize Humira and recommending the change to a biosimilar. PACE currently has 7 members utilizing Humira. Providers are educating their members and EmpiRx is hopeful members will agree to a transfer to a Humira biosimilar in the future.

Kim Turner suggested providing information about biosimilars for Humira to the utilizing members so when a provider has a discussion about biosimilars, members will be familiar with the concept.

3. Mandatory Mail Order for Maintenance Medications: PACE could realize a savings of approx. \$556k if 75% of PACE members on the EPO and PPO plans converted to EmpiRx's mail order service for maintenance medications. This would not affect members on Anthem HMO and HDHP plans or Kaiser plans. A mandatory mail order requirement (90-day supply) could be added to the plans with a possible grace period at the outset of the program change. New prescriptions would need to be

obtained for a 90-day supply for each medication and the member could set up a refill reminder in his/her online EmpiRx account. PACE would save money and members would also see a savings as copays for a 90-day supply are typically 2x the monthly copay rather than 3x. Should PACE adopt this program, information packets are available to share with members.

Peter McNamara requested EmpiRx provide informational packets on all the new programs for consideration at the December 6, 2023 Executive Committee Meeting for possible recommendation to the Full Board at the December 7, 2023 Meeting.

No action was taken.

## **WELLNESS UPDATES**

Presented by Dayna Gowan

**Information**

**2023-058**

The 2023 Wellness Program ends on November 15, 2023. As of October 2023, there are 171 members registered in the program (159 employees and 12 spouses) with 33 earning the highest platinum reward. Completing the biometric screening seems to be a reason people don't earn a reward. Dayna Gowan will be doing targeted outreach to those participating members with outstanding biometric screenings. The final behavior challenge, Balance It All, was held August 12 – September 24 with 50 members participating and 42 completing the challenge.

The current Walktober Challenge ends November 1, 2023. There were 114 registrants with 101 employees and 13 household members with 13 agency teams. Prizes will be awarded to teams and individuals as well as to the agency with the highest number of participants.

The quarterly Wellness Advisory Committee Meeting was held on September 13, 2023.

The 2024 Wellness Program Recommendations were reviewed and are based on \$5.00 PEPM paid through rates and \$50k wellness funds from Anthem. The budget includes WellSteps platform costs, biometric screening costs, behavior challenge costs, rewards and prizes.

Recommendations for 2024:

1. Continue to include spouses.
2. Revamp the point structure allowing members to earn more points for more time consuming or challenging tasks as compared to the simpler tasks.
3. Include Health Coaching calls.
4. Include an agency challenge such as Walktober as in 2023.
5. Increase the top reward from \$150 to \$175 per member or spouse. The budget can accommodate the reward increase.

Any budget dollars not used in a particular budget category roll back into PACE reserves.

The Executive Committee discussed the program and will vote at their December 6, 2023 Meeting on the 2024 Recommendations for presentation at the Full Board Meeting on December 7, 2023. Dayna Gowan will present final 2024 Recommendations and point structure to the Full Board at the same meeting.

**GROUP VOLUNTARY LONG TERM CARE PROGRAM SOLUTION**

Presented by E. Peter McNamara and Melissa King

**Action  
2023-059**

The Executive Committee heard an update on the long term care market in California. The long term care program in the state of Washington’s current maximum benefit is \$36.5k for two years which is not a rich benefit given the cost of care. The program was underfunded from the outset due to the private care opt out provision and there is a possibility the payroll tax will be increased to fully fund the program.

The task force studying options for a California long term care program funded by a payroll tax will present recommendations on December 14, 2023. There are five plan designs under consideration including plan designs with various payroll tax amounts, salary caps on the payroll tax, tax exemption for having private coverage, safe harbor elections and length of time for partial or full vesting. The California program is reimbursement program where a person would pay for services up front then submit a claim for reimbursement. Private long term care policies provide a monthly payment once two of the Activities of Daily Living cannot be performed by the member without the need to file ongoing claims for reimbursement once the policy has been activated.

Standalone long term care policies are not offered in California. Rather life insurance policies with a long-term care rider are available. The most competitive programs with the richest benefits are provided by Trustmark and Chubb. Program designs, including various issue requirements, and benefits for both carriers were presented. Rates are based on the issue date for each member and rates are locked in for the duration of the policy which benefits younger participants at lower rates. Rate options for various plan designs were presented. For the most part, rates for these policies will be lower than the state payroll tax with richer benefits.

Premiums would be through payroll deduction on a post-tax basis. There is no liability to PACE in offering a group voluntary long term care solution and it would allow smaller groups who would not meet the minimum employee requirement individually the opportunity to offer a benefit to their employees as part of a larger group.

Updates on the Trustmark and Chubb life insurance with long term care rider programs will be brought to the December 6, 2023 Executive Committee Meeting and presented at the December 7, 2023 Full Board Meeting.

Peter McNamara suggested hosting several webinars on this topic to provide information and options to the Full Board prior to the December Full Board Meeting to allow them to be prepared at the Full Board Meeting.

Motion to present Trustmark and Chubb life insurance with long term care rider program options to the Full Board at the December 7, 2023 Meeting: 1. Christina Nygard and 2. Melanie Correa. Motion unanimously approved by the Executive Committee.

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**VIII. ADMINISTRATION**

**PACE NEW MEMBER ACTIVITY**

Presented by Christine Hough

**Information  
2023-060**

1. Area Housing Authority of the County of Ventura – 58 employees with 9 waivers (18%) in Anthem and

Kaiser age rated plans with 10% in Kaiser. Most employees are in HMO plans. Christine Hough was able to provide a quote, but the group did not like the HMO rates and decided not to join PACE.

**PACE MEMBER TERMINATION**

**Information**

Presented by E. Peter McNamara & Melissa King

**2023-061**

The City of California City will be leaving PACE effective December 1, 2023 or January 1, 2024. California City joined PACE January 1, 2023 and one of the collective bargaining units sued the City over lack of appropriate time to make a decision about joining PACE and a judge ordered the City to rejoin CalPERS.

**2024 PROPOSED MEETING CALENDAR**

**Action**

**2021-062**

The Executive Committee discussed the calendar for 2024 PACE Executive Committee and Full Board Meetings.

Holding an Executive Committee Strategic Planning Meeting sometime between January 23 and January 25, 2023 at the LAX Marriott, the Sheraton Gateway or Renaissance similar in format to the meeting held in January 2023 was discussed.

Motion to approve the 2024 meeting calendar as presented and to hold a Strategic Planning Meeting in January 2024: 1. Becky Padron and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

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**IX. INFORMATION**

**EXECUTIVE COMMITTEE COMMENTS**

**Information**

There were no Executive Committee Comments.

**MANAGER COMMENTS**

**Information**

The possible elimination of the CompleteCare premium differential was brought up and it was decided the item should be brought back to the Executive Committee as an action item at the December Meeting.

The status of possibility bringing the Municipal Dental Pool under PACE was discussed at the January 2023 Executive Committee Strategic Planning Meeting. Christina Nygard asked for an update. Peter McNamara responded Delta Dental has been uncooperative so far and Keenan senior management is working with Delta Dental. An update will be provided at the January Executive Committee Strategic Planning Meeting.

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**X. AGENDA ITEMS NEXT MEETING**

**Information**

Executive Committee Members and others may suggest items for consideration at the next meeting scheduled for December 6, 2023 via Zoom.

- Quarterly Financial Report, Anthem update, Ancillary updates, New Member Activity
- Premium differential discussion.

**XI. ADJOURNMENT**

The meeting was adjourned at 4:11 pm.