

MINUTES

PUBLIC AGENCY COALITION ENTERPRISE (PACE)

EXECUTIVE COMMITTEE MEETING

August 23, 2023

10:00 am

I. CALL TO ORDER

The meeting was called to order at 10:01 am.

II. ROLL CALL

EXECUTIVE COMMITTEE MEMBERS:

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

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

MANAGERS:

KEENAN & ASSOCIATES

Peter McNamara
Christine Hough
Melissa King
Nancy Schott

OTHERS:

KEENAN & ASSOCIATES

Sam Mel-Chan
Laurie LoFranco
Dayna Gowan

ANTHEM

Joelle Jarmillo

III. PUBLIC COMMENTS

There were no public comments.

IV. APPROVAL OF AGENDA – August 23, 2023

Presented by David Faris

Action
2023-037

There is a correction to the August 23, 2023 Agenda. On the roll call portion of the agenda, Melanie Correa's agency name was omitted.

Motion to approve the August 23, 2023 Agenda as amended: 1. Melanie Correa and 2. Becky Padron.
Motion unanimously approved by the Executive Committee.

V. APPROVAL OF MINUTES – July 26, 2023 **Action**
2023-038
Presented by David Faris

There is a correction to the July 26, 2023 Executive Committee Minutes. On item 2023-038 PACE New Member Activity: City of San Jacinto: language to be changed to Christine Hough was able to provide a competitive quote rather than Christine Hough declined to quote.

Motion to approve July 26, 2023 Minutes as amended: 1. Melanie Correa and 2. Becky Padron. Motion unanimously approved by the Executive Committee.

VI. CORRESPONDENCE **Information**
2023-039
Presented by E. Peter McNamara

The EmpiRx Q1 2023 Rebate Report of approx. \$40k net was reviewed. The Rebate Report generally runs six months behind; the Q2 2023 Rebate Report should be available in the fall. The EmpiRx 2024 renewal is in the works with PACE Management negotiating for better rates and increased rebates.

The 2022 Stewardship Report was presented.

Sam Mel-Chan provided a list of possible auditors for 2023 audit services. Having SETECH select an auditor on PACE's behalf would be a conflict of interest. PACE Management will research auditors on the list as well as auditors used by other Keenan JPA's and bring results back to the Executive Committee.

VII. FINANCIAL

Monthly Financial Review **Information**
2023-040
Presented by Sam Mel-Chan

The Monthly Financial Review as of July 31, 2023 was reviewed. PACE's revenues continue to be higher than expenses and assets continue to increase from investments in LAIF.

2024 RENEWAL ACTION **Action**
2023-041
Presented by E. Peter McNamara and Christine Hough

The 2024 PACE renewals were reviewed. Christine Hough reviewed the average 2024 CalPERS PPO renewals at 12.17% while industry wide PPO trend rate is 9 - 11% for Medical and 14 – 15% for Rx. PACE's renewals are lower than both CalPERS and trend.

Using experience through July 2023, without margin the renewal is 4.6% and with a 3% margin it is 7.19%. For 2021 – 2023 the Executive Committee approved close to a 3% margin each year.

PACE Management recommends the renewal include a 3% margin to increase reserves and as a hedge against increasing claims and possible high renewals in future years. More groups joining PACE means possible increases in claims costs. In a year with a higher renewal, the margin could be lower to smooth out renewal swings year over year. Anthem weekly claims have increased in number since July although none have pierced the stop loss attachment point which is another reason to retain a healthy margin for the renewal. PACE typically sees spikes in claims several times a year (January and April/May) and PACE Management doesn't think the increased number of claims is related to COVID bounce back utilization.

The Anthem fully insured HMO renewal is 8.5%.

Kaiser renewals for Northern California are averaging 16.20% for the HMO plans and 15.42% for the HSA plan. The Southern California renewals are averaging 13.73% for the HMO plans and 12.91% for the HSA plan.

The Executive Committee discussed rounding the renewal from 7.19% to 7.0% including a 2.76% margin.

Motion to recommend a 7% renewal with a 2.76% margin for the Anthem self-funded plans: 1. Becky Padron and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

2023 AUDIT SERVICES UPDATE

Presented by Melissa King

**Information
2023-042**

With Eide Bailly’s increase in annual engagement cost from \$11k to \$25k, PACE Management will research audit firms provided by SETECH as well as checking with other Keenan JPA managers for recommendations.

PREMIUM PAYMENT OPTIONS

Presented by Sam Mel-Chan and Melissa King

**Information
2023-043**

The automatic electronic direct debit option for premium payments is not available through the bank SETECH utilizes.

BenefitBridge has the capability to send an email notification once the bill is available on the 16th of each month. Each PACE agency can reach out directly to the BenefitBridge care team to set up monthly email reminders. The Executive Committee requested this feature be discussed at the Full Board Meeting.

ANTHEM UPDATE

Presented by E. Peter McNamara and Melissa King

**Information
2023-044**

Currently the EPO and PPO plans use the same full Anthem network. The HMO has a separate network. There is a narrow network available, the Anthem Select network, for PPO and HMO plans. The HMO full network hasn’t been competitive and there are agencies in Southern California who already have narrow network plans in place and are interested in joining PACE if a narrow network option is available.

PACE Management is proposing offering the Select Network for self-funded PPO and HMO plans. If an agency would like to add a Select Network plan, they would need to eliminate one of their current plans.

The Select Network offering will be utilized mainly to generate competitive quotes in Southern California to grow the JPA. Joelle Jarmillo shared the Select Network is more robust in Southern California and most new quote requests for HMO’s are in the south.

ANCILLARY UPDATE - EMPIRX

Presented by E. Peter McNamara

**Information or Action if need be
2023-045**

At the July 26, 2023 Meeting, the Executive Committee discussed whether PACE might want to consider putting restrictions in place noting if a generic/less expensive drug was approved by a doctor as being equally effective, PACE would cover up to the cost of the generic/less expensive drug. If a member insisted on utilizing a brand name drug, the member would pay the difference between the generic and brand name drug.

Keenan's benefits counsel stated it is possible to add that restriction if the plan documents are properly written and the policy applies to all members.

Motion to direct PACE Management to work with Keenan benefits counsel to add language around the restrictions to the plan document effective January 1, 2024: 1. Kim Turner and 2. David Faris. Motion unanimously approved by the Executive Committee.

VOLUNTARY GROUP MEDICARE ADVANTAGE PROGRAM

Information

Presented by Melissa King

2023-046

A voluntary group Medicare Advantage program solution through RetireeFirst was reviewed and discussed. The program would be voluntary for Medicare eligible retirees without any cost sharing by the agency required and there is no liability to the PACE JPA or any member agencies. If an agency currently provides a subsidy to retirees, the subsidy could be administered by RetireeFirst. RetireeFirst would provide the group Medicare plans on an individual basis as well as customer service to any members including retiree education.

Data from each agency would need to be collected and RetireeFirst recommended a March 2024 implementation with a special open enrollment. They would provide guaranteed rates eff. March 1, 2024 – December 31, 2025.

It was suggested the census provided to RetireeFirst include post 65 actives currently on a PACE plan as well as Medicare eligible retirees.

VOLUNTARY GROUP LONG TERM CARE PROGRAM

Information

Presented by Melissa King

2023-047

With the potential California legislation on a statewide long term care program funded by a payroll tax could become effective as soon as January 1, 2025 there may be a voluntary group long term care solution able to be offered through PACE to avoid automatic enrollment in the state long term care program. The California long term care task force has been meeting since 2022 and is estimated to issue recommendations in December 2023. Washington state's program was underfunded from the beginning due to the number of opt outs with proof of private long term care coverage, the California plan may not allow a look back period to opt out to avoid potential under funding. Requirements of the program may include using the benefits only in California and to be eligible to receive benefits, a person must pay into the program for at 5 years.

Participation in a voluntary group long term care solution allows employees to take advantage of higher guaranteed issue amounts, avoid individual medical underwriting and typically receive lower rates than what is available on an individual plan. Also, participating in voluntary group coverage through PACE would allow small groups to participate who would not meet the minimum group size of 100 on their own.

There are not any standalone group long term care carriers available in California. Rather, life insurance with a long term care rider with enhanced long term care benefits is available through three carriers: Trustmark, Chubb and Unum. Unum rates are higher and the benefits are not as rich. PACE Management will secure quotes from Trustmark and Chubb. Once purchased, the long term care premium for each member would be guaranteed for as long as the policy is in force.

For a voluntary group long term care solution to be offered through PACE, the carriers would require all member agencies to offer the voluntary group benefit to their employees. Premiums would be through payroll deduction on a post-tax basis and there is no liability for PACE. A member could cancel the coverage at any time.

Agencies will need to submit data to allow PACE Management to move forward with quotes and determine eligibility.

Melissa King reviewed an estimated timeline for offering the coverage, including a possible effective date of January 1, 2024, a full year ahead of the possible effective date of the state payroll tax program. PACE may want to have a separate enrollment for the long term care option including an education campaign. Enrollment must be conducted by a specially licensed enroller; those resources will be available.

PACE Management explained there is no way to know if the California legislation will pass; however, it seems the state legislators are very interested in passing some sort of legislation.

VIII. ADMINISTRATION

PACE NEW MEMBER ACTIVITY

Information

Presented by Christine Hough

2023-048

There were four agencies who requested a quotation since the last Executive Committee Meeting.

1. Fresno Irrigation District – 91 employees with 17 waivers (18%). They would like to break away from CalPERS. Christine Hough was able to provide a competitive quote. Laurie LoFranco shared they will most likely not join until January 1, 2025 as there is not an offering for retirees currently in CalPERS.
2. City of Hermosa Beach - 153 employees with no waivers in Blue Shield and no Kaiser. Christine Hough was able to provide a competitive quote.
3. Twin Rivers Charter School - 44 employees with 19 waivers (43%) and currently age rated with Anthem. Christine Hough declined to quote as the average age is too young and did not meet underwriting guidelines.
4. San Diego In Home Support Services Authority - 71 employees with 3 waivers (4%) all in HMO plans. Christine Hough was able to provide a competitive quote.

AGENCY REQUEST TO WAIVE PREMIUM LATE FEE

Action

Presented by E. Peter McNamara

2023-049

The City of Avenal is requesting the late fee for June 2023 be waived. They have not had a late payment

since 2020 when PACE became a stand alone JPA.

Motion to approve the request to waive the June 2023 premium late fee for the City of Avenal: 1. David Faris and 2. Kim Turner. Motion unanimously approved by the Executive Committee.

REQUEST TO WAIVE THE EMPIRX ANCILLARY FEE FOR A BRAND NAME DRUG

**Action
2023-050**

Presented by E. Peter McNamara

The Executive Committee discussed a request from Keenan Pharmacy Services on behalf of a member to waive the monthly ancillary fee for a brand name drug. The provider followed the step therapy process and submitted clinical notes the generic version does not work for the member. The member is asking to have the \$176 monthly ancillary fee waived and pay only the standard copay.

Kim Turner asked if this medication will be required on a permanent basis or for a specific duration of time. The Executive Committee discussed whether to approve waiving the brand name ancillary fee for a specific amount of time or to approve on a permanent basis as the doctor indicated this specific drug worked best for the member. EmpiRx could also provide updates if there is another less costly drug available and the Executive Committee could revisit the decision in the future.

The Executive Committee requested PACE Management research the possible duration of usage of this drug by the member before taking action.

Motion to table the request until the October 25, 2023 Executive Committee Meeting: 1. Kim Turner and 2. Melanie Correa. Motion unanimously approved by the Executive Committee.

IX. INFORMATION

EXECUTIVE COMMITTEE COMMENTS

Information

There were no Executive Committee comments.

MANAGER COMMENTS

Information

There were no Manager comments.

X. AGENDA ITEMS NEXT MEETING

Information

Executive Committee Members and others may suggest items for consideration at the next meeting scheduled for October 25, 2023 via Zoom.

- Quarterly Financial Review, Anthem update, Ancillary updates, New Member Activity
- Group voluntary long term care program update

XI. ADJOURNMENT

The meeting was adjourned at 11:25 am.