

MINUTES

PUBLIC AGENCY COALITION ENTERPRISE (PACE)

BOARD OF DIRECTORS MEETING

August 23, 2023

12:30 pm

I. CALL TO ORDER

The meeting was called to order at 12:30 pm.

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II. ROLL CALL

**BOARD MEMBERS:**

CALIFORNIA CITY, CITY OF	Latisha Lamberth
CARMEL AREA WASTEWATER DISTRICT	Barbara Buikema
CLAREMONT, CITY OF	Heidi Tanner
COMPASS CHARTER SCHOOLS	Sophia Trivino
DESERT HOT SPRINGS, CITY OF	Brent Jones
FOWLER, CITY OF	Angela Vasquez
GUSTINE, CITY OF	Melanie Correa
NEWMAN, CITY OF	Mike Maier
REDWOOD COAST ENERGY AUTHORITY	Eileen Verbeck
REGIONAL GOVERNMENT SERVICES	Christina Nygard
RIO DELL, CITY OF	Joanne Farley
SANGER, CITY OF	Becky Padron, <b>Secretary/Treasurer</b>
SUPERIOR COURT OF CALIFORNIA, EL DORADO COUNTY	Heather Nelson
SUPERIOR COURT OF CALIFORNIA, MENDOCINO CO.	Kim Turner, <b>Vice President</b>
SUTTER CREEK	Karen Darrow
TRUCKEE-DONNER RECREATION & PARK DISTRICT	David Faris, <b>President</b>
UPLAND, CITY OF	Theresa Doyle

**ALTERNATES:**

AVENAL, CITY OF	Griselda Price
HOUSING AUTHORITY OF SAN LUIS OBISPO	Jenna Franz
MODOC COUNTY	Pam Randall
NEWMAN, CITY OF	Michael Holland
RIO DELL, CITY OF	Karen Dunham
SUPERIOR COURT OF CALIFORNIA, KINGS COUNTY	Mona Melchor
SUPERIOR COURT OF CALIFORNIA, SUTTER COUNTY	Debbie Baggett
UPLAND, CITY OF	Rocio Preciado

**MANAGERS:**

KEENAN & ASSOCIATES	Peter McNamara
	Melissa King
	Christine Hough
	Nancy Schott

**OTHERS:**

KEENAN & ASSOCIATES

Dayna Gowan  
Laurie LoFranco  
Pam Cote  
Mona Reese  
Marshawn Swims  
Dawn Almanzor  
Robin Neer  
Sylvia Weathers  
Marie Edmondson  
Sista Duncan

AVENAL, CITY OF

Nina Garza

ANTHEM

Joelle Jarmillo

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**III. PUBLIC COMMENTS**

There were no public comments.

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**IV. APPROVAL OF AGENDA – August 23, 2023**

**Action**

Presented by David Faris

**2023-009**

Motion to approve the August 23, 2023 agenda: 1. Kim Turner and 2. Christina Nygard. Motion unanimously approved by the Full Board.

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**V. APPROVAL OF MINUTES – April 27, 2023**

**Action**

Presented by David Faris

**2023-010**

Motion to approve the April 27, 2023 minutes: 1. Kim Turner and 2. Becky Padron. Motion unanimously approved by the Full Board.

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**VI. CORRESPONDENCE**

**Information**

Presented by E. Peter McNamara

**2023-011**

The EmpiRx GLP-1 agonists (diabetes and weight loss medications) PACE utilization flyer was reviewed.

The 2022 Stewardship Report was presented.

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**VII. FINANCIAL**

**QUARTERLY FINANCIAL REPORT**

**Information**

Presented by Sam Mel-Chan

**2023-012**

The Quarterly Financial Report and LAIF Account Statement as of June 30, 2023 were reviewed. Revenues continue to outpace claims/expenditures for 2023, mainly through investment in the LAIF and CAMP programs. Funds are moved back and forth between the LAIF and CAMP programs based on which

program offers higher interest rates.

The net cash flow position at the end of December 31, 2023 is estimated to be approximately \$12M.

Kim Turner expressed appreciation to PACE Management and Keenan for managing revenues and expenditures including investment strategies to keep PACE on track financially.

**ANTHEM UPDATE**

**Information**

Presented by Joelle Jarmillo

**2023-013**

The July 2023 Anthem utilization report was reviewed. There has been an increase in membership of approximately 4.3% since 2022. In network utilization is 96.8%, an increase over 2022. In 2023, there are 8 high cost claimants with claims over \$100k, similar to 2022. Claims costs are being driven by an increase in non-high cost claims from more members rather than high cost claims from fewer members.

Peter McNamara shared through mid August 2023, there have not been any high-cost claims piercing the stop loss attachment point of \$260k.

**ANCILLARY UPDATES**

**Information**

Presented by Melissa King

**2023-014**

The LiveHealth Online March 2023 utilization report and program were reviewed. There have been 36 new registrations in 2023.

The EmpiRx March 2023 utilization report was reviewed. Cost containment programs were implemented in 2023 resulting in a reduction of approximately 20% in specialty pharmacy spend which is a major cost driver to the plan. Specialty drug spending in 2022 was approximately 64% of total drug spend from 1% of claims reduced to 36% from 1% of claims so far in 2023.

**VOLUNTARY GROUP MEDICARE ADVANTAGE PROGRAM**

**Action**

Presented by Melissa King

**2023-015**

A voluntary group Medicare Advantage program solution through RetireeFirst was discussed. The program would be voluntary for Medicare eligible retirees without any cost sharing by the agency required unless an agency would like subsidies already in place for active health plan members to be continued into retirement. There is no liability to the PACE JPA or any member agencies. RetireeFirst provides group Medicare Advantage plans not available on the individual market as well as customer service and administration for the plans. Group Medicare Advantage plans through Retiree First have richer coverages than individual Medicare Advantage plans which include Part D Rx so the donut hole would no longer an issue.

Data on Medicare eligible retirees would be required from each agency by the end of September to secure a quote from RetireeFirst. RetireeFirst recommends a March 1, 2024 implementation with a special enrollment with an 21 month rate guarantee through December 31, 2025. If an agency does not offer retiree medical benefits, census information should still be submitted. Because this is a voluntary Medicare Advantage plan program offered through PACE, it can be offered to a retiree whether an agency provides retiree medical benefits or not. This program can be offered to former Medicare eligible employees as an option if the former employees are included in the census.

It was clarified a retiree must be 65 to qualify for this program. Retired spouses 675 of an active employee 65 and older would be eligible for this program. Once a solution is approved, there are various options for RetireeFirst to facilitate educational outreach to retirees.

Information on KeenanDirect, offering plans for individuals and families will be posted on the PACE website.

Motion to approve PACE Management move forward with securing quotes for a voluntary group Medicare Advantage program offered through RetireeFirst including a request for information on retirees from all PACE member agencies: 1. Kim Turner and 2. David Faris. Motion unanimously approved by the Full Board.

### **VOLUNTARY GROUP LONG TERM CARE PROGRAM**

Presented by Melissa King

**Action  
2023-016**

The Board heard a report on potential California legislation AB 567 on a statewide long term care program funded by an employee post tax payroll tax. Several other states, including Washington, have enacted programs including an opt out with proof of private long term care insurance, resulting in the program being underfunded from the beginning. At this time, the California task force does not seem to be interested in an opt out look back period. There are various plans being considered including up to \$36k in benefits over a two-year period with other plans having a larger benefit requiring a higher payroll tax. The task force is expected to present recommendations at their December 14, 2023 meeting.

There are not any standalone group long term care carriers offering plans in California. Rather, voluntary life insurance with a long-term care rider with enhanced long term care benefits is available through three carriers: Trustmark, Chubb and Unum. Group plans can include higher guaranteed issue, more affordable premiums and no individual agency minimum enrollment requirements. There is no liability to PACE in offering a group voluntary long term care solution and it would allow small groups the opportunity to offer a voluntary long term care benefit to their employees rather than pay the payroll tax if implemented. Payments would be via post tax direct debit ACH from participating employees by the carrier.

If the California legislation does not pass or an employee changes his/her mind after enrollment, the benefit could be dropped.

For a voluntary group long term care solution to be sponsored by PACE, all member agencies will be required to offer the voluntary benefit to their employees. Next steps would be obtaining salary information from all agencies to confirm the average salary requirement is met for one carrier. There would be a special enrollment period in October or November with licensed long term care enrollers.

Motion to approve PACE Management move forward with securing quotes for a voluntary group long term care solution through PACE to be offered to all groups: 1. Christina Nygard and 2. Becky Padron. Motion unanimously approved by the Full Board.

### **WELLNESS UPDATES**

Presented by Dayna Gowan

**Information  
2023-017**

The 2023 Health Management program was reviewed. The program runs through November 15, 2023. There are 160 registered on WellSteps (6%) for 2023. The second behavior change campaign, Financial Fitness, ran May 1 – June 11, 2023. There were 70 registered members and 57 of the registrants (81%) completed the campaign. The third behavior change campaign, Balance It All, began August 12, 2023 and runs through September 24, 2023 with 36 people registered so far.

A fourth behavior change campaign, Walktober, is an agency vs. agency challenge and will be offered October 1 – October 31, 2023. The goal is to walk 6,000 steps or more per day and there will be individual and agency prizes. Because the campaign is hosted on the HES platform rather than the WellSteps, non-PACE agency employees, including regular permanent part time employees (not seasonal part time employees) are eligible to participate and earn prizes in this challenge. Registration will open in September.

The Wellness Program Introduction webinar was held on May 4, 2023 with 14 attendees and was recorded. Another session is scheduled for September 21.

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## VIII. ADMINISTRATION

### PACE NEW MEMBER ACTIVITY

Presented by Christine Hough

Information  
2023-018

There have been 11 agencies who requested a quotation since the last Full Board Meeting.

1. City of South Lake Tahoe – 184 employees without any waivers; they currently have two Blue Shield PPO plans. Christine Hough was able to provide competitive rates. This group is most likely joining FDAC-EBA rather than PACE.
2. City of Grass Valley – 113 employees with 14 waivers (12%). They would like to break away from CalPERS. Christine Hough was able to provide competitive rates.
3. City of Jurupa Valley – Christine Hough declined to quote as PACE could not provide competitive rates.
4. Turlock Unified School District - Christine Hough declined to quote due to the high number of waivers and high risk demographics.
5. West Valley Water District – Christine Hough declined to quote as she could not provide competitive rates compared to their current JPA ACWA.
6. City of San Jacinto – 70 employees with 9 waivers (13%). Christine Hough was able to provide competitive rates.
7. Phelan Pinon Hills – Christine Hough declined to quote as due to high risk factors.
8. Fresno Irrigation District – 91 employees with 17 waivers (18%) and would like to break away from CalPERS. Christine Hough was able to provide competitive rates. Laurie LoFranco shared they will most likely not join until 1/1/25 as PACE does not have an offering for retirees currently in CalPERS.

9. City of Hermosa Beach - 153 employees with no waivers in Blue Shield and no Kaiser. Christine Hough was able to provide competitive rates.
10. Twin Rivers Charter School - Christine Hough declined to quote as the PACE rates were not competitive.
11. San Diego IHSS Public Authority - 71 employees with 3 waivers (4%) all in HMO plans. Christine Hough was able to provide competitive rates.

**2024 RENEWAL ACTION**

**Action  
2023-019**

Presented by E. Peter McNamara and Christine Hough

The 2024 renewals were reviewed using experience through July 2023. Christine Hough reviewed the CalPERS PPO renewals at 12.17%, PACE’s renewals are lower than CalPERS. PPO trend rate is 9-11% for medical and 13–14% for Rx.

The Executive Committee recommended a renewal of 7% including a 2.76% margin for the Anthem self-funded plans at the August 23, 2023 Executive Committee Meeting. For 2021 – 2023 the Executive Committee approved close to a 3% margin each year with overall renewal increases decreasing or remaining the same each year. A margin serves as build reserves and as a hedge against increasing claims and possible high renewals in future years. Anthem weekly claims have increased since the July although none have pierced the stop loss attached point which is another reason to retain a healthy margin.

Anthem fully insured HMO and HDHP plan renewal rates are determined by Anthem. Originally over 15%, PACE worked with the Anthem underwriters to reduce the renewal to 8.5%.

Kaiser renewal rates are determined by Kaiser and are challengingly high for 2024. Renewals for Northern California are on average 16.20% for the HMO plans and 15.42% for the HSA plan. For Southern California they are on average 13.73% for the HMO plans and 12.91% for the HSA plan. The City of Danville and the City of California City’s Kaiser renewals are slightly higher as they include a chiropractic rider. Based on Kaiser’s trend, even without any claims, renewals would have been approximately 13-14%.

Motion for the Full Board to accept the Executive Committee’s recommendation of a renewal of 7% with 2.76% margin for the Anthem self-funded plans, 8.5% for the Anthem fully insured HMO/HDHP plans and the various Kaiser fully insured plan renewals as described by PACE Management: 1. Kim Turner and 2. Melanie Correa. Motion unanimously approved by the Full Board.

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**IX. INFORMATION**

**MEMBER COMMENTS**

**Information**

There were no member comments.

**MANAGER COMMENTS**

**Information**

If anyone has any questions, please contact the PACE Management team or your Keenan Account

Manager.

Melanie Correa, from the City of Gustine, was appointed as a Non-Officer Executive Committee Member to serve out the current term ending December 31, 2023.

Elections for Vice President and two Non-Officer Executive Committee Members will be held at the December 7, 2023 Full Board Meeting for the term of January 1, 2024 – December 31, 2025.

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**X. AGENDA ITEMS NEXT MEETING Information**

Members and others may suggest items for consideration at the next meeting which will be held December 7, 2023.

- Quarterly Financial Report, Anthem update, Ancillary updates, New Member Activity

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**XI. ADJOURNMENT**

The meeting was adjourned at 1:57 pm.