

MINUTES

PUBLIC AGENCY COALITION ENTERPRISE (PACE)

EXECUTIVE COMMITTEE MEETING

July 26, 2023

2:00 pm

I. CALL TO ORDER

The meeting was called to order at 2:04 pm

II. ROLL CALL

EXECUTIVE COMMITTEE MEMBERS:

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

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

MANAGERS:

KEENAN & ASSOCIATES

Peter McNamara
Christine Hough
Melissa King
Nancy Schott

OTHERS:

KEENAN & ASSOCIATES

Sam Mel-Chan
Laurie LoFranco
Dayna Gowan

CITY OF GUSTINE

Melanie Correa

ANTHEM

Alaina Mattox

III. PUBLIC COMMENTS

There were no public comments.

IV. APPROVAL OF AGENDA – July 26, 2023

Presented by David Faris

Action
2023-030

Motion to approve the July 26, 2023 Agenda: 1. Kim Turner and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

V. APPROVAL OF MINUTES – April 26, 2023 **Action**
2023-031
Presented by David Faris

Motion to approve April 26, 2023 Minutes: 1. Kim Turner and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

VI. CORRESPONDENCE **Information**
2023-032
Presented by E. Peter McNamara

A Registry of Public Agencies form reflecting Board Members joining and leaving the Board was reviewed.

A GLP-1 receptor agonists flyer from EmpiRx was reviewed and will be sent to the Full Board.

An email from Anthem regarding CMC contract resolution retroactive back to January 1, 2023 was reviewed. An email from LiveHealth Online regarding the cost to PACE visit was reduced from \$59 to \$55 effective July 1, 2023 was reviewed.

The Special Districts Financial Transactions Report and Special Districts Compensation Report were reviewed and filed with the State Controller by SETECH on behalf of PACE.

VII. FINANCIAL

QUARTERLY FINANCIAL REPORT **Information**
2023-033
Presented by Sam Mel-Chan

The Quarterly Financial Report as of June 30, 2023 and LAIF Account Statements as of June 30, 2023 were reviewed. PACE is performing well against budget, mainly due to investment income from funds invested in LAIF. The projected ending cash balance as of December 31, 2023 is a bit over \$12M.

PACE received approx. \$300k in stop loss reimbursements for the 2022 plan year. For 2023 to date there have not been any claims exceeding the stop loss attachment point resulting in a stop loss claim reimbursement.

Peter McNamara shared from January – June 2023, average monthly claims were a bit over \$1M; in July medical claims were \$800k. The EmpiRx cost containment programs implemented on January 1, 2023 are reducing specialty drug pharmacy spending.

PACE INVESTMENT POLICY UPDATE **Action**
2023-034
Presented by E. Peter McNamara

At the April Meeting, the Executive Committee directed PACE Management to update the PACE Investment Policy to allow investment in the CAMP program. The updated PACE Investment Policy, allowing investment in the CAMP program and any other investment vehicles SETECH deems appropriate, was reviewed.

Motion to approve the proposed amended PACE Investment Policy with language approving investment in the CAMP program and any other investment vehicles SETECH deems appropriate in the future: 1. Kim Turner and 2. David Faris. Motion unanimously approved by the Executive Committee.

ANTHEM UPDATE

Presented by Alaina Mattox

Information

2023-035

The June Anthem financial dashboard was reviewed. In network claims made up 96.7% of claims paid and there are seven high cost claimants over \$100k through June 2023.

PACE Management is researching adding a Select network to one PPO and one HMO plan with Anthem. A benefit would be lower premiums for those plans.

ANCILLARY UPDATES

Presented by Melissa King

Information

2023-036

The LiveHealth Online June 2023 utilization report was reviewed. Both registrations and utilization increased for May and June.

The EmpiRx June 2023 utilization report was reviewed. Specialty drugs are 1.1% of claims from 44 unique utilizers yet generate 38.2% of total drug spend. In 2021 and 2022, specialty drug claims generated close to 68% of total pharmacy spend each year from approximately the same number of claims. The two cost containment programs instituted by PACE through EmpiRx effective January 1, 2023 have reduced specialty cost spend by approximately 50%.

The Executive Committee discussed whether PACE might want to put 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 allowing access to the drug yet avoiding a few members driving up pharmacy costs for all. When the Executive Committee discussed this option in 2022, it was agreed to implement the two EmpiRx two cost containment programs first and review the results. PACE Management will check with Keenan Employee Benefits counsel regarding any potential legal issues putting such restrictions in place.

PACE Management is researching offering an optional group Medicare supplemental medical plan program to PACE groups through RetireeFirst. Plans offered through RetireeFirst are richer than those available to an individual and there is no pharmacy donut hole. There is no financial impact on PACE to offer RetireeFirst to 65 and older Medicare eligible members on an individual basis and PACE groups with someone enrolled in RetireeFirst would not be managing the retiree's benefits.

To obtain a quote from RetireeFirst, census data for any retirees who retired at 65 or older is required to be sent by each agency to RetireeFirst. PACE Management will bring information on specific data required from each agency to the August Executive Committee Meeting. If the Executive Committee decides to proceed, the topic can be presented to the Full Board in the afternoon.

WELLNESS UPDATES

Presented by Dayna Gowan

Information or Action if needed

2023-037

The 2023 PACE Health Management Program was reviewed. There have been 153 registrants 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 (81%) of the registrants completed the campaign. The third behavior change campaign, Balance It All, begins August 12, 2023.

The Wellness Program Introduction webinar was held on May 4, 2023 with 14 attendees which was recorded.

Dayna Gowan proposed a fourth behavior change campaign, Walktober, as an agency vs. agency challenge. The goal is to walk 6,000 steps or more per day and there would be individual and agency prizes. Estimating 450 participants, the campaign cost would be approx. \$7,500 based on a \$5.34 cost per registrant (not PEPM) and including individual/agency prizes; the budgeted campaign cost is within the overall 2023 PACE budget. 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) could be included and earn prizes in this challenge. After discussion, the Executive Committee was interested in proceeding.

Motion to approve adding the Walktober Challenge to the Wellness Program for 2023 as proposed: 1. Kim Turner and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

VIII. ADMINISTRATION

PACE NEW MEMBER ACTIVITY

Presented by Christine Hough

Information
2023-038

There have been seven agencies who requested a quotation since the last Executive Committee Meeting.

1. South Lake Tahoe – 184 employees without any waivers; they currently have two Blue Shield PPO plans. Christine Hough was able to provide a quote. 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 a competitive quote.
3. City of Jurupa Valley – 43 employees with without waivers. The group has a young average age (5 years younger than the PACE average age) and competitive rates with their current Blue Shield and Kaiser plans. Christine Hough declined to quote as she was unable to provide a competitive quote.
4. Turlock Unified School District – 1,645 employees with 805 waivers (49%). Christine Hough declined to quote due to waivers being higher than the Underwriting Guidelines recommend.
5. West Valley Water District – 83 employees without waivers. Christine Hough declined to quote as she was unable to provide a competitive quote.
6. City of San Jacinto – 70 employees with 9 waivers (13%). Christine Hough was able to provide a competitive quote.
7. Phelan Pinon Hills – 31 employees with 2 waivers (6%). Christine Hough declined to quote as she was unable to provide competitive rates.

AGENCY REQUEST TO WAIVE PREMIUM LATE FEE

**Action
2023-039**

Presented by E. Peter McNamara

The City of Desert Hot Springs is requesting the late fee for May 2023 be waived. In 2022, there were three late premium payments: two were waived and one was paid. DHS has had a lot of staff turnover and the current benefits analyst is working to streamline the processes to ensure timely payments in the future. After discussion, the Executive Committee decided to grant the waiver.

Peter McNamara stated the issue of staff turnover is a consistent challenge for smaller agencies. PACE Management is to check with late paying agencies to determine the reasons for the late payments. The Executive Committee would like to know if there are any alternatives/tools to help members pay their bills more efficiently, such as an email reminder. BenefitBridge is a self-bill system and the bill is available the 16th of each month due the first of the following month.

It would be helpful if more agencies paid premium through wire transfer. Sam Mel-Chan will research additional electronic payment options and bring information to the August Executive Committee Meeting.

When an agency has a late payment, the Keenan Account Manager contact the agency and review the BenefitBridge process as well discuss any barriers to on time payment.

Motion to approve the request to waive the May 2023 premium late fee for Desert Hot Springs: 1. David Faris and 2. Kim Turner. Motion unanimously approved by the Executive Committee.

AGENCY REQUEST TO WAIVE PREMIUM LATE FEE

**Action
2023-040**

Presented by E. Peter McNamara

Compass Charter Schools is requesting the late fee for January 2023 be waived due the school being closed for winter break from December to early January. After discussion, including the confirmation of keeping the policy of each agency receiving a one-time late fee waiver and any additional waiver requests being brought the Executive Committee, the Executive Committee decided to grant the waiver.

Motion to approve the request to waive the January 2023 premium late fee for Compass Charter Schools: 1. David Faris and 2. Christina Nygard. Motion unanimously approved by the Executive Committee.

**APPOINTMENT OF NON-OFFICER EXECUTIVE COMMITTEE MEMBER
TO SERVE JANUARY 1, 2023 – DECEMBER 31, 2023 TERM**

**Action
2023-041**

Presented by E. Peter McNamara

After Theresa Doyle stepped away from one of the two Non-Officer positions on the Executive Committee in December 2022, PACE Management has been working to identify a Board Member to replace her. Melanie Correa, from the City of Gustine, volunteered to serve through the end of Theresa Doyle's term through December 31, 2023. After discussion, the Executive Committee appointed Melanie Correa as the second Non-Officer Executive Committee Member to serve through December 31, 2023. Melanie Correa introduced herself and plans to attend the Executive Committee Meetings for the remainder of 2023 and then decide if she's willing to serve a full term January 1, 2024 – December 31, 2025.

Motion to appoint Melanie Correa to the Non-Officer Executive Committee Member position to serve

through December 31, 2023: 1. David Faris and 2. Kim Turner. Motion unanimously approved by the Executive Committee.

IX. INFORMATION

EXECUTIVE COMMITTEE COMMENTS

Information

There were no comments.

MANAGER COMMENTS

Information

California bill AB 567 is allowing a task force to study creating a statewide long term care program funded by payroll taxes. The concept is to mimic a statewide long term care program put in place in Washington state. As of now, the intention is to have the plan go into effect January 1, 2024 although the task force doesn't submit its recommendation until December 14, 2023. An employee would need to enroll in the new state program or have a long term care policy in place. One advantage of a group voluntary private long term care policy is portability should an employee leave/retiree and move out of state. As of now, the various benefit levels to be offered through the statewide long term care plan are lower than what is typically offered through group voluntary private long term care plans. There may also be a look back period where an individual must have been enrolled in a private long term care plan 12 months prior to the effective date to avoid the California long term care plan tax.

Carriers may not be willing to offer long term care plans individually to small agencies and there may be an option to offer a group voluntary long term care program through PACE as a JPA. The next meeting of the task force is in August. Peter McNamara will bring additional information to the Full Board at the August Meeting. Enrollment could take place along with standard 2023 open enrollment or as a separate open enrollment. Census data could be pulled from BenefitBridge to submit to carriers for a quote.

The Community Action Partnership of Kern will be joining PACE eff. January 1, 2024. They have 900 total employees with 500 subscribers and 400 waivers who are on Medi-Cal.

The current contract with Eide Bailey expires with the completion of the 2022 audit and the minimum audit engagement cost will increase from \$11k to \$25k for 2023. Eide Bailey has performed audit services for PACE since 2020 when PACE transitioned from MCSIG to a standalone JPA, auditing back to the 2018 plan year. The Executive Committee discussed whether an RFP or a less formal process for 2023 audit services would be appropriate and Peter McNamara will discuss options with SETECH. This item will be brought back to the Executive Committee for action at the August 23, 2023 meeting.

The 2024 preliminary renewals based on claims through June 30, 2023 were reviewed.

Kaiser:

- PACE should receive the renewal soon; Kaiser's average increase is 13 – 14% in Northern California.

Anthem:

- The fully insured HMO renewal came in at 15% and was reduced to 8.5% after negotiations.
- The self-insured PPO renewals should be between 4.3% (no margin) - 6.9% (3% margin) depending

on the margin approved by the Executive Committee. In 2022 the renewal was 6.5% including a 3% margin and for 2023, the renewal was 5% including a 3% margin. PACE Management does not recommend approving a renewal without some margin, between 1.5% - 3%.

The final renewal options will be presented at the August Executive Committee Meeting for recommendation to the Full Board including claims from August 2022 - July 2023 and margin options of no margin, 1.5%, 2% and 3%.

The 2023 stop loss renewal was high because of an ongoing large claim beginning in 2022 for an agency's elected official's minor child. The elected official lost his election in November 2022 and was no longer covered by PACE as of January 1, 2023; PACE received a contract refund of \$124k as a result of that change. The 2024 stop loss renewal increase is 0% as there have been no claims reaching the stop loss attachment point through June 2023. PACE should receive a contract refund in July 2024 if stop loss claims remain low.

X. AGENDA ITEMS NEXT MEETING

Information

Executive Committee Members and others may suggest items for consideration at the next meeting scheduled for August 23, 2023 via Zoom.

- Final Renewal recommendations
- Monthly Financial Review, Anthem update, Ancillary updates, New Member Activity
- Premium payment options update
- 2023 audit services update
- Optional RetireeFirst group Medicare supplemental medical plan program update
- Group voluntary long term care program update

XI. ADJOURNMENT

The meeting was adjourned at 4:07 pm.