



**PERSONNEL, PENSION & INSURANCE COMMITTEE
SPECIAL MEETING
TUESDAY, SEPTEMBER 6, 2022
4:00 PM**

Location

Board Room
District Headquarters
555 Main Street, Hartford

Dial in #: (415)-655-0001
Access Code: 43808661#
[Meeting Video Link](#)

Commissioners

Avedisian	Marotta
Currey	Pane
DiBella (Ex-Officio)	Patel
Lester	Salemi
Magnan	Taylor (C)

Quorum: 5

1. CALL TO ORDER
2. PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS
3. APPROVAL OF MEETING MINUTES OF AUGUST 10, 2022
4. ELECTION OF VICE CHAIRPERSON
5. CONSIDERATION AND POTENTIAL ACTION RE: APPOINTMENT TO PERSONNEL, PENSION & INSURANCE INVESTMENT SUBCOMMITTEE
6. REPORT RE: USI RECOMMENDATION REGARDING SELECTION OF HEALTH INSURANCE PROVIDER
7. UPDATE RE: UNION NEGOTIATIONS
8. CONSIDERATION AND POTENTIAL ACTION RE: SETTLEMENT OF WORKERS' COMPENSATION CLAIM - DELVECCHIO (POSSIBLE EXECUTIVE SESSION)
9. OPPORTUNITY FOR GENERAL PUBLIC COMMENTS
10. COMMISSIONER COMMENTS & QUESTIONS
11. ADJOURNMENT



Metropolitan District – 2023 Renewal Summary

Active Medical/Dental – Anthem Blue Cross

USI ran a series of renewal projections for 2023. The goal was to test the viability of Anthem’s proposed cost basis for the new year. Anthem forecast a decrease on the combined medical and dental program (-3.1% or \$530k). USI is recommending a “no change” renewal. Anthem’s renewal forecast was predicated on claim activity through the month of May. With the application of June and July claim activity, the underwriting supports a 0.0% renewal action.

The renewal is driven by the following factors:

- Fixed costs stayed unchanged. Fixed costs capture a few components – administrative fees, shared discount fees, and OON discount charges.
- A Stop Loss increase of 16.0%.
- An increase in rebate sharing for 2023 - \$1.020M to \$1.265M
- The introduction of a one-time fee holiday - \$131k.

On a melded basis, the overall reduction in fixed cost stands at \$303k.

- On the claim side, Anthem is estimating a decrease in claim liability of 1.4% while USI is estimating a slight increase. The “delta” in large measure it tied to USI’s application of June and July claim activity.

A few additional items. Anthem is proposing a 3-year deal. If the MDC were to cancel prior, there would be a repayment on a portion of the fee holiday. Additionally, Anthem would pass along an early termination fee as it pertains to their pharmacy program.

Finally, the current Anthem program incorporates a \$40k wellness fund. Anthem is proposing an increase in that fund to \$60k.



Metropolitan District – 2023 Renewal Summary

Market Response – Aetna, United, & Cigna

As a plan fiduciary, the MDC has an obligation to periodically test the competitive nature of the current Anthem relationship. To that end, we solicited proposals from Aetna, United, and Cigna. On the fixed cost piece, the following emerged via that marketing exercise.

- In the 1st year, Anthem, United, and Cigna put forth cost proposals that were in-step with one another. Aetna was clearly an outlier.
- Due to the way in which rebate payments “flow” in year 1, it is important to look at a 3-year fixed cost “roll up” to measure the true value of Aetna, United, and Cigna.
 - Mature rebates coupled with more aggressive administrative charges drive value for the MDC.

The challenge with Anthem, United and Cigna center upon their rebate estimates. They represent a substantive increase over the current rebate structure (\$1.020M to \$1.6M or more). That difference is propping up each carrier's offer. If those rebates materialize, the MDC will save money on the fixed cost component of their plan spend. If they do not, then the savings will evaporate accordingly.

Wellness Program – Wellspark

We have engaged Wellspark as a possible administrator for our “HEP” program. They have put forth a pricing proposal for the MDC.

- Year 1 @ \$41k
- Year 2 @ \$34k

Anthem will manage the payment piece with Wellspark (via our \$60k wellness fund).



Metropolitan District – 2023 Renewal Summary

USI Recommendation

There are several competitive offers in place for 2023. The carriers that emerge as the most viable for the MDC are the incumbent Anthem and United Health Care. An evaluation of the key decision points for selection point to Anthem as the more viable of the two options. That conclusion was reached based upon several factors.

- Fixed cost as measured over the next 3-years.
- Billing structure that drives enhanced "cashflow" for the MDC via Anthem.
- Rebate credibility under Anthem with uncertainty in place via United.
- Fee holiday structure (\$131k vs. \$50k) which favors Anthem.
- Wellness fund "balance" that is greater under Anthem - \$60k vs. \$25k.
- Direct connectivity between Anthem and Wellspark (HEP vendor).
- Direct payment relationship between Anthem and Wellspark
- No formulary disruption under Anthem vs. disruption potential under United.
- 3-year or more claim history via Anthem that will ease the transition to Wellspark.
-

Based upon the comments above, It is the recommendation of USI that the MDC maintain the existing relationship with Anthem Blue Cross for 2023.