

DUTCHESS EDUCATIONAL HEALTH INSURANCE CONSORTIUM

A Year in Review (YIR), 9/2016 – 6/2017

This document provides summary highlights of the projects or major initiatives undertaken by the DEHIC Board of Trustees and DEHIC Executive Committee during the period noted.

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Retiree Drug Subsidy (RDS)

- The Consortium continues to participate in the Retiree Drug Subsidy (RDS) program, sponsored by the Centers for Medicare and Medicaid.
- Total subsidy received for the period July 1, 2016 through June 30, 2017 is \$3.2 million.
- As always, reconciled funds are returned to Medicare participants in the form of a premium subsidy.

The Affordable Care Act (ACA), Employer Provided Health Coverage - Reporting

- DEHIC Participant Groups continued their efforts to ensure compliance with Form 1095-C filings.
- Rose & Kiernan continued to provide guidance to groups inquiring about the coding of forms, and the ACA in general.
- For those groups who migrated to the RKXchange platform, ACA reporting was significantly streamlined, producing a time and cost savings result for each group.
- Through routine webinars and seminars, R&K continued to keep the Consortium participants aware of any/all ACA developments over the course of the plan year.

Revision to DEHIC's By-Laws

Article 3, Application Procedures, 3.1 Application Procedures to Participate

- The Board considered the interest expressed by school districts residing outside of DEHIC's traditional tri-county membership area (Dutchess, Ulster and Sullivan Counties) that may apply for future membership in the Consortium.

Affordable Care Act



Employer reporting requirements under the ACA remained in effect during this period. Reporting under Sections 6055 and 6056 requires applicable large employers (ALEs) to use Forms 1094-C (transmittal) and 1095-C (EE statement) to report information to the IRS about offers of health coverage and enrollment in health coverage for their full-time employees.



- In order for the Board to consider such applicants, a revision to Article 3 was necessary to remove the tri-county restriction.
- Such amendment was made and approved by the Board during their June 14, 2017 meeting. Distribution of this amendment to all Participant Groups is anticipated during fall 2017.

Article 6, Premium Adjustments, (New) 6.3 Premium Adjustments Based on Geography or Regional Medical Cost Environment

- In consideration of the change to Article 3 noted above, the Board also considered a change in the allocation of premium costs that may be necessary, depending on the location of the prospective group.
- Accordingly, during their June 14, 2017 meeting, the Board approved the addition of subparagraph 6.3 that provides for the adjustment of premium or premium equivalent rates paid by new Participants who are outside of the current tri-county region.
- Distribution of this amendment to all Participant Groups is anticipated during fall 2017.

Article 6, Premium Adjustments, 6.5 Fund Balances and Premium Rate Stabilization (adjusted to 6.6 following change above)

- As reported in the prior YIR, the Board undertook steps to during May 2016 to amend Article 6 and add a sub-paragraph to address Fund Balance and Premium Rate Stabilization.
- The amendment provides the Board of Trustees with the sole authority to allocate the funds of the trust, and that the result of such allocations may preclude demands for funds by Trust Participants that cease to obtain coverage for their employees and retirees through DEHIC.
- The amendment calls for the evaluation of a conversion to an Article 47 funding arrangement on a yearly basis, which may be proposed by the Trustees to DEHIC Participant Groups in the future, if appropriate.
- The amendment was approved by the DEHIC Board of Trustees during their meeting held on September 21, 2016, and was distributed to all Participant Groups during October 2016.

(New) Article 13, Subcommittees of the Board of Trustees

- During late spring 2017, the Board took steps to draft an amendment to the By-Laws, and formalize their ability to establish subcommittees that may be necessary to undertake special project work from time to time.
- Committee members will be appointed by the Chairperson and Vice Chairperson, with final approval being granted by the Board of Trustees.
- Committee members will serve in a research capacity, and shall have no power to bind the Trust.
- The amendment was considered during the June 14, 2017 meeting, and is pending approval.

Dependent Eligibility Audit, 2016-2017

- As reported in the YIR summary ending June 2016, the DEHIC dependent audit concluded through HMS Employer Solutions on June 30.
- HMS' Executive Summary Report provided the following:
 - 13,678 dependents were reviewed
 - Overall employee communications totaled 20,352



- 97.9% Employee response rate
- 95.4% Employees fully completed the audit as of June 30, 2016
- 695 dependents were found to be ineligible as of June 30, 2016
- \$2,432,500 = total projected savings (i.e., claims avoidance)
- During July 2016 and September 2016, DEHIC initiated two appeal opportunities for those employees/retirees who did not fully respond, or did not respond at all, to the HMS audit.
- The Board requested Rose & Kiernan’s support in managing the appeal process.
- The DEHIC business/human resource offices received regular communication on the member appeal initiative and were engaged in the process.
- Approximately 211 requests were received; 200 appeals were found to be complete and were approved.
- Member inquiries continue to be received, and are handled by Rose & Kiernan with updates reported to the Board.

Dependent Survivor Rider

- The Board and legal counsel continued to pursue its work on the Dependent Survivor Rider that would amend DEHIC’s existing Certificate of Coverage (COC) document, and formalize the benefit.
- Upon the Board’s approval, the rider was presented to Empire’s legal counsel for approval prior to its submission to the NYS Department of Financial Services (NYSDFS).
- The Rider contains specific eligibility criteria for the continued coverage of surviving dependents, as well as when dependent survivor coverage will end.
- The Rider received approval by the NYSDFS, and Empire provided a copy to DEHIC June 2017.
- Distribution of the Rider to all Participant Groups occurred during June 2017.

ACA, Small v. Large Group Definition, cont’d

- As reported within the prior two YIR reports, DEHIC continues to advocate on behalf of two Participant Groups – Livingston Manor CSD and Roscoe CSD – who are impacted by the ACA’s redefinition of small employer groups v. large employer groups (100 and under; 101 and above respectively).
- Governor Cuomo previously signed into law an extension to allow groups to remain in their respective consortia/associations; however, the exemption was for a limited period of time.
- As of June 2017, Assemblyman Cahill introduced an extender bill (A8264), along with Senator Seward’s bill of similar content (S6572), allowing an additional one-year extension. Cahill/Seward are expected to coordinate a final bill, which will be voted on prior to the session’s end, June 21, 2017.
- Neither of the two bills provides for a permanent exemption, which has been requested all along.
- More will be reported as it is known.

Product Migration Initiatives

- Cooperatively, Rose & Kiernan and Empire BCBS conduct informational meetings as requested by each group or collective bargaining organization.
- The Monthly Premium Report prepared by Dutchess County BOCES for the period May 2017 shows membership aligned as follows:
 - Alternate PPO – 6,681
 - Healthy Advantage PPO – 2,046
 - EPO Select 20 – 3,245



DEHIC 2017 Annual Analytic Review, Empire BCBS

- During February 2017, Empire BCBS presented to the Board an *Annual Analytic Review*, which is a cost and utilization report related to DEHIC's membership utilization and primary illness conditions.
- The reporting parameters included 12-months of data, spanning January 2016 through December 2016, as well as the prior period, January 2015 through December 2015.
- Medical and Pharmacy Paid claims were summarized with a PMPM cost of \$411.83 for Medical, and a PMPM cost of \$194.21 for Pharmacy.
- High-cost claims (those >\$75k) represented 27.3% of the total paid amount, with 337 members incurring these claims.
- DEHIC's average age category is 58 years for subscribers; 45 years for members. Females represent 54.6% of the population, while males represent 45.4%.
- Utilization by setting produced a 27.3% inpatient trend, with outpatient facility (i.e., ER and Other O.P.) at 11.7%.
- Prescription drug costs continue to account for approximately one-third of DEHIC's overall costs. Modeling the prior year, the more significant clinical cost drivers include treatment for diabetes, high blood pressure/heart disease, inflammatory conditions, and high cholesterol.
- As reported previously, opportunities for improvement in the health of the membership include the promotion of prevention and early detection screenings, encouraging annual well visits, and Health and Wellness Programs including Medical Management, Complex Care program, Condition Care (chronic conditions), Healthy Lifestyles (fee based), Exercise Rewards (fee based), Worksite Wellness (fee based), etc.

Empire BCBS System Migration and Davis Vision Termination

- During January 2017, Empire BCBS advised DEHIC of their corporate initiative to move membership/groups to a new processing system, WGS.
- The system is intended to provide more innovative and efficient delivery of service and information to members, providers, and employer groups.
- A significant change for DEHIC includes Empire's elimination of the service agreement they hold with Davis Vision, and replacing the coverage with BlueView Vision.

2017 Annual Analytic Review (AAR)



The purpose of the Empire AAR is to provide an overview of the Plan expenditures and utilization, which is segregated into 3 settings: inpatient facility; outpatient facility; and professional services.

The report analyzes costs and utilization, including clinical cost drivers, which are intended to identify opportunities to improve care and affordability for the Participant Groups and members.



- All members will receive a new identification card along with a new identification number.
- All changes will become effective on July 1, 2017.
- DEHIC through its consultant, Rose & Kiernan, has provided regular communication to the business/human resource offices since January 2017 alerting them to this change, including materials appropriate for sharing with the membership (e.g., Fact Sheet; sample ID cards; etc.), should member questions arise.

Product Development, Summer Session 2017

- Throughout the plan year, the Board has reviewed the issues related to the increasing cost of coverage (i.e., provider reimbursement on claims), member utilization of the benefit plan, provider mergers and the impact on cost/access to care, as well as place of service costs (i.e., obtaining the appropriate care in the appropriate setting).
- The Board has requested a reconvening of the Product Development Committee (PDC) to review opportunities related to where/how costs can be contained.
- The Committee will include existing PDC members, as well as interested new participants.
- While this initiative will be ongoing, a report of the PDC's initial findings will be presented to the full Board during the fall 2017.