DUTCHESS EDUCATIONAL HEALTH INSURANCE CONSORTIUM

A Year in Review (YIR), 9/2019 – 6/2020

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. Prepared by Rose & Kiernan, Inc.

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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, 2019 through May 1, 2020 is $2.68 million. **Note**: Through June 30th, weekly notification files have been received from RDS and will contain additional subsidy amounts for the complete plan year.
- As always, reconciled funds are returned to Medicare participants in the form of a premium subsidy.

The Affordable Care Act (ACA), Continued

- DEHIC Participant Groups continued their efforts to ensure compliance with Form 1095-C filings for January 1 through December 2019.
- 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 is significantly streamlined, producing a time and cost savings result for each group.
- Through routine communications, R&K continues to keep the Consortium participants aware of any/all ACA developments.

Revision to DEHIC's Bylaws, 2020

DEHIC Bylaw, Article 2, Meetings of the Board of Trustees

- During the June 2020 meeting, the Board took action to approve an amendment to Article 2, which modernizes the current language and permits meetings to be conducted in an electronic format, including the ability to adopt resolutions and take action in this same manner.
- A communication, including copies of the amendments, will be distributed to Participant Groups during June 2020.

DEHIC Bylaw, Article 6, Premium Holiday

- During the June 2020 meeting, the Board took action to approve an amendment to Article 6.
- The amendment provides greater flexibility to the Board on when and how often a premium holiday may be declared.
- The amendment does not change the financial circumstances under which the Board can make such a determination, however.

- A communication, including copies of the amendments, will be distributed to Participant Groups during June 2020.

DEHIC Bylaw, Article 7, Notice of Withdrawal

- During the January 2020 meeting, the Board took action to approve an amendment to Article 7.
- The amendment provides clarification on the withdrawal of bargaining units and the effective date.
- Written notice of the withdrawal requirement was maintained, with withdrawal being effective at the end of the plan year (i.e., at least 180 days after the withdrawal notice).
- Additional clarification was provided on the triggering of withdrawal when a Participant Group's population is reduced.
- A communication, including copies of the amendments, was distributed to Participant Groups during February 2020.

DEHIC Bylaw, Article 10, General Policies and Procedures Related to the Operations of the Trust

- During the January 2020 meeting, the Board took action to approve an amendment to Article 10.
- The language was reorganized/simplified with respect to procedures and policies to ensure consistency with the Trust Agreement.
- Emphasis on the importance of administering the Plan in a manner that ensures fairness to all Participants remains the goal of the Board.
- A communication, including copies of the amendments, was distributed to Participant Groups during February 2020.

ACA, Small v. Large Group, continued

- As noted in previous YIRs, we continue to report on the advocacy efforts extended on behalf of two Participant Groups, Livingston Manor CSD and Roscoe CSD, who are impacted by the ACA's redefinition of small employer groups.
- Communication was sent to the District Superintendent once again this plan year.
- A multi-use template letter was also drafted for use by all DEHIC Participant Groups to support advocacy efforts related to this matter.
- As of April 2020, no additional developments have been reported through the NYS legislature, except for the "extender language" included in the state budget.
- The extension continues until December 31, 2021, making it a requirement for Districts with 100 contracts or less to be removed from their consortia/association.

Affordable Care Act (ACA), Small v. Large Group

The Affordable Care Act (ACA), when passed in 2010, included the government's distinction between a small and large employer group, with large employer groups defined as 101 employees and above. Individual states were permitted to maintain their definition of a large employer group, 51 employees and above, and New York State determined to do so until 2016. In the past few years, extender bills have been initiated in NYS reauthorizing small employer groups to maintain their participation in their large-group health plan. Until permanent legislation is passed, DEHIC and like entities will continue to pursue this matter.

- As reported previously, this change will impact DEHIC by July 1, 2022, barring any additional legislation to the contrary.

Rate Stabilization Initiative

- The DEHIC Board remained focused on its rate stabilization efforts throughout the July 2019-2020 plan year.
- As part of this process, DEHIC's average trend, including medical loss ratio and the Medicare population's Per Member Per Month costs, were again re-evaluated.
- Claims v. premium collected remains positive, as all three benefit plans are performing well once again this year.
- An update on continued rate stabilization was announced to all Participant Groups in the March 2020 renewal communication.
- Continuing forward with their planning efforts, the Board also reviewed various financial models prepared by Rose & Kiernan showing *best to worst case scenarios* in relation to expected claims v. DEHIC's fund balance.
- All models proved a steady financial forecast overall, with consideration given to certain uncertainties, including COVID-19.

Employer Group Waiver Plan (EGWP)

- In their continuing efforts to pursue cost-savings opportunities, the Trustees revisited the concept of an EGWP which allows DEHIC to carve-out from the medical plan the prescription drug benefit for the Medicare-eligible population and obtain prescription coverage through a Medicare Part D plan.
- Investigation of the EGWP is in its early stages, and DEHIC is working with Empire BCBS Medicare staff to obtain details on how such an implementation might work to benefit their Medicare-eligible members.
- Currently, as noted above, DEHIC submits an annual application to the Retiree Drug Subsidy Program and receives a subsidy based on specified criteria related to their Medicare population's drug utilization.
- An EGWP provides an alternative to the RDS subsidy; whereby, Medicare members would be subject to the Medicare Part D prescription drug formulary established and approved by the federal government.
- The RDS subsidy would no longer be available to DEHIC if the Board approved this undertaking.
- The estimated cost-savings opportunity is $11M, conservatively.
- The Board also requested Empire's Medicare unit prepare a disruption report to identify those members and their prescription medications that would remain "neutral" with the change or experience a "positive" or "negative" impact.
- In addition, Medicare members would **not be subject to the mandatory mail order** requirement because Medicare Part D plans do not allow it.
- The Board will resume its review of the EGWP during the upcoming Plan Year.

GBA Bootcamp, Training

- During the Plan Year, the Board considered the development of a training session to benefit each Participant Group's business office/human resource staff responsible for health insurance benefits, as well as the DEHIC enrollment and billing function.
- The Bootcamp will provide a refresher in the area of eligibility, enrollment, and benefits.
- With the Board's approval, members of Rose & Kiernan facilitated the effort and developed an agenda covering several topics, including the Eligibility Memorandum; DEHIC's Benefit Plans and how they may be offered; Empire BCBS claims processing information; etc.
- The Bootcamp was scheduled for April 2; however, due to the COVID-19 pandemic, it was necessary to reschedule the session to a later date – which is anticipated for the fall of 2020.

Empire BCBS Performance Guarantee and Dedicated Phone Line

- Customer Service concerns have plagued many DEHIC members over the past 3 years, in various forms: inaccurate benefit information provided to members by Empire BCBS service representatives; delayed responses to issues; excessive call wait times; system migration errors; etc.
- The areas of concern were escalated to the President of Empire during a meeting held with DEHIC leadership and Rose & Kiernan during late June 2019.
- An important step toward customer service improvement included the implementation of a DEHIC dedicated phone line.
- Accenting their commitment to service improvement, Empire BCBS recommended a Performance Guarantee (PG) initiative targeting average speed of answer, claims payment accuracy, first call resolution, and overall client management excellence.
- Each of the 4 categories of performance include a $25k assigned penalty, placing a potential $100k of Empire's fees at risk.
- The PG began on November 1, 2019, when the dedicated phone line was installed.
- The initial performance period is in effect through June 30, 2020, at which point Empire's performance will be measured and a determination will be made to continue the PG into the new plan year.
- The primary goal is to ensure that service to DEHIC members remains a defined component of Empire's business plan.
- Under consideration by the Board is a visit to Empire's Albany-based Operations Center during the fall of 2020 to observe the activity of the unit and meet with the Operations Center Management.

Performance Guarantee

In a performance guarantee, the health insurance carrier agrees they will meet pre-determined levels of performance in their administration of the health plan.

Should the insurance carrier meet the performance levels, no penalty is paid to the client/group. However, should they fail to meet the stated requirements, a set payment per performance category is paid out.