

The Jefferson Health Plan
Membership Meeting
Friday, April 22, 2016
Quest Center, Columbus, Ohio

Dr. George Ash, Board Chair, called the meeting to order. He welcomed members and guests and introduced the members of the Board of Directors.

MINUTES APPROVED:

Motion by Margie Travis, Board Member, seconded by John Wilson, Southern Local School District, to approve the minutes of the October 15, 2015 semi-annual membership meeting. On call, all yes, motion carried.

BOARD MEMBERS APPROVED:

Motion by George Ash, Board Chair, seconded by Steve Larcomb, East Knox Local Schools, to approve the following board members for re-election: Mr. John Dilling, Mr. Mark Schlagheck, Ms. Margie Travis and Ms. Dana Snider. On call, all yes, motion carried.

Dr. Ash introduced Brendan Nugent as the new National Marketing Director. He also spoke about being able to market JHP outside the state of Ohio and the Infrastructure Bank project.

INFRASTRUCTURE BANK:

Presented by David Manning. The consortium is currently considering infrastructure loan applications from two members, but others are interested. The interest rate for fixed loans is 65% of prime rate. \$3 million in loans would be available annually. There is still money available for 2016. Applications are available on line.

POLICY MANUAL:

Presented by Mark Jackson. The Board has voted to update the consortium's policy manual in order to remove references to OME-RESA and to also reflect the current operations of the consortium. Mr. Jackson reviewed all the changes with the consortium members.

POLICY MANUAL APPROVED:

Motion by Fred Burns, Toronto City Schools, seconded by John Dilling, Crestview Local School District, to approve the revised Handbook of Policies and Procedures of the Jefferson Health Plan, as adopted by the Board of Directors. On call, all yes, motion carried.

EXECUTIVE DIRECTOR UPDATE:

Presented by James Herring. Mr. Herring updated the consortium on the Fall Semi-Annual Educational Seminar to be held on Thursday, October 27, 2016 and Friday, October 28, 2016 at the Hilton Columbus at Easton. Events will include the Semi-Annual Meeting, Hospitality, Biometric Screenings, Breakfast and Education, Educational Breakout Sessions and Lunch. Graduate Credit will be available to those attending all four sessions. Mr. Herring also reviewed the changes made to the JHP Web Page. The Facebook and Twitter pages are being updated on a regular basis.

AUDITOR REPORT:

Presented by Adele Jasion. Key indicators as of March 31, 2016 are: Total Reserves, \$137,046,000; Total Revenue, \$201,992,100; Surplus, \$970,900 and Covered Employees, 20,365. Key Underwriting Financial Indicators are: Member Reserve ratio as a percent of claims, 32.8%; Internal Pool reserve ratio as a percent of Pool claims, 137.5% and Administrative Expense Ratio, 5.6%. Premium Dollars used for Benefits are \$0.92.

INVESTMENT RETURNS UPDATE:

Presented by Adele Jasion. Interest income is expected to fluctuate with rising interest rates. There continues to be questions about the sometimes negative earnings. Investments must be recorded at their value with each month. Investment values fluctuate each day with interest rates and market place perceptions. The consortium holds investments to maturity so ultimate loss is limited.

INVESTMENT MANAGER UPDATE:

Presented by Adele Jasion. The market value of investments as of March 31, 2016 was \$135,841,100. Cumulative returns since December, 2007 are 1.73%. 78.2% of the assets are invested in government agency bonds. 11.2% is invested in commercial paper with 10.6% being invested in municipals. No collateralized CD's are held. Overall added value exceeds \$10 million in 8 years.

FINANCIAL UPDATE APPROVED:

Motion by Roxanne Mazur, Carrollton Exempted VSD, seconded by Margie Travis, Board Member, to accept the financial updated as presented. On call, all yes, motion carried.

CONTRACT UPDATES:

The MetLife contract will expire May 31, 2016. The Board voted to renew the Met Life contract with a reduction in rates of 14.6% for three years, effective June 1, 2016. The Caremark contract will expire December 31, 2016. The Board voted to renew the Caremark contract with an 8.0% reduction in drug plan costs for three years.

CLAIM TREND:

Per employee claims costs for the consortium saw a substantial increase from last year. The change in medical plan costs for FY15 was 8.9%. The change in drug plan costs for FY15 was 12.3%.

RENEWAL RATING REVIEW:

Medical inflation needs to be recognized in this rating. The explosion in prescription drug inflation is all over the news and is seen in our review of costs. The Internal Pool rates will be adjusted to reflect experience of each deductible level with the overall Pool rates increasing by 4.5% for FY17, but not all rates will increase by the same factor. This is the first real increase in those rates since 2013. Trend rates are: Medical w/o RX, 9.0%; Prescription Drugs, 10.5%; Dental, 3.5%; Vision, 3.0%; and High Deductible Plans with RX, 8.0%. The Internal Pool can be a large portion of costs. A low deductible comes with high Pool rates. A high deductible has lower Pool rates but comes with greater risk. Traditionally, the Internal Pool operated on a fiscal year beginning June 1 and ending May 31. For FY16, the Pool is operating on a 13 month cycle,

but will return to a 12 month cycle for FY17. The Internal Pool will now coincide with the consortium's fiscal year (July 1 through June 30). Consortium members paid \$1.3 million in ACA taxes for FY16. These taxes were paid out of member reserve accounts. They are considered to be temporary taxes, so the cost of these taxes is not included in the rating. Member reserve accounts are lower as a consequence of these taxes, but still, generally, sufficient. For FY17 the overall increase without supplemental increases is 6.80%. With supplemental increases it is 9.58%. 37 members are eligible for Moratoria. 67% of members will experience an increase of less than 10%. Median increase is 5.65%.

HEALTH CARE REFORM:

Presented by Janet Maloy. In December, 2015 the consortium issued information to member groups regarding W-2 disclosures for 2015. The PCORI fee of \$2.08 or \$2.17 per covered person per month will be due in July, 2016 for some members. The consortium will arrange filing the required Form 720 for member groups. The tax will be paid by the consortium with a deduction from the members reserve account. The Transitional Reinsurance Tax is scheduled to end in 2016. The fee income was given over three years to Health and Human Services to build a \$25 billion reserve fund for the health care exchanges. Burns Consulting will continue to calculate the tax for member organizations, paying the tax out of member reserve accounts. The tax equaled approximately \$1.6 million for FY15 for Jefferson Health Plan member groups. This tax impacted member reserve accounts. The tax will be \$27 per covered life in 2016. The Cadillac Tax has been postponed to 2020.

BRONZE PLAN:

Presented by Janet Maloy. The Bronze Plan allows coverage for all persons who receive a W-2 from your organization. Contributions can be collected toward the cost of coverage from employees who enroll in the Plan but to comply with the spirit of ACA and to avoid penalties the contributions cannot be more than 9.5% of the employee's gross income for single coverage. The Bronze Plan is administered by individual TPA's. Rates for coverage change each July 1. Districts are charged for employees who enroll in the plan and the benefit provisions of the Bronze Plan are not subject to negotiation. It is intended to satisfy the minimum federal standards of coverage.

EMPLOYEE ASSISTANCE PROGRAM:

Presented by Tom Gee. ValuOptions merged with Beacon Hill Strategies to form Beacon Hill Options. 3.5% of the consortium population used the EAP. JHP plan participant usage is below EAP averages. The majority of cases were related to job stress. There were 3,418 uses of the EAP website.

WELLNESS PROGRAM UPDATE:

Presented by Tom Gee. Currently 290 plan participants have enrolled in a disease management program or are receiving health coaching. An additional 4,612 are receiving educational information only but are also eligible for a more detailed program. Approximately 3,200 employees registered on the website. Seven member organizations have held or are scheduled to conduct onsite biometric screenings. Optum has acquired Alere.

WELLNESS PROGRAM INCENTIVE:

For FY16, spouses can now be included for additional incentive payouts. FY16 participation results will be communicated to qualifying member groups and pools this summer. The wellness program incentives will be discontinued for FY17 and transitioned to reduced Internal Pool fees for FY18 where populations participate in the program. Reduced Internal Pool fees will be conditioned on wellness program participation. A decision was made to no longer award credits for self-reporting of biometric results for FY17. A physician's result form is being introduced for doctors to complete and submit to Optum in place of the Biometric self-reporting. A program guide will be distributed to program contacts for FY17. The consortium will hold a webinar to discuss changes to the program.

OCCUPATIONAL INJURY REMINDER:

The occupational injury clause in the stop loss contract states "benefits paid for occupational injury or sickness, including benefits eligible for payment under a workers compensation or similar law." Many employees and dependents have summer jobs without workers' compensation coverage. This clause needs to be communicated to employees.

ADJOURNMENT:

Motion by George Ash, Board Chair, seconded by John Wilson, Southern Local School District, to adjourn the meeting at 11:19 a.m.

Respectfully submitted,



Don Donahue, Recording Secretary