

SC PUBLIC EMPLOYEE BENEFIT AUTHORITY- BOARD OF DIRECTORS

Health Care Policy Committee- Minutes (Adopted 9.18.13)

202 Arbor Lake Drive, Columbia SC, Main Conference Room 2nd Floor

Thursday, August 1, 2013 – 3:00 p.m.

Health Care Committee Members Present:

Mr. Joe “Rocky” Pearce, Chairman (by telephone)
Ms. Stacy Kubu (by telephone)
Mr. Audie Penn (by telephone)
Mr. Steve Heisler (by telephone)
Mr. Art Bjontegard (by telephone)

Additional Board Members Present:

Mr. Frank Fusco (in person)
Mrs. Peggy Boykin (by telephone)

Others present for all or a portion of the meeting:

David Avant, Lil Hayes, Stephen Van Camp, Travis Turner (by phone), Laura Smoak, Justin Werner & Virginia Wetzel from the South Carolina Public Employee Benefit Authority (PEBA); Wayne Pruitt and Donald Tudor with the Retiree Association of SC; Betts Ellis, Karyn Rae, and Dr. Mark Lyles from MUSC (by telephone); Paul Patrick from the SC House Ways and Means Committee (by telephone); Angie Willis and Craig Parks with SC Senate Finance (by telephone).

AGENDA

1. CALL TO ORDER; ADOPTION OF PROPOSED AGENDA

Chairman Pearce called the meeting to order at 3:00 p.m. Ms. Hayes confirmed meeting notice compliance with the Freedom of Information Act. Mr. Heisler moved to adopt the proposed agenda. Mr. Bjontegard seconded, with the unanimous vote to approve.

2. Approval of Meeting Minutes- June 24, 2013

Chairman Pearce asked for amendments to the June 24, 2013, Health Care Policy Committee meeting minutes. There being none, Chairman Pearce asked for a motion to approve the minutes. Mr. Penn moved to approve the minutes. Mr. Heisler seconded. The meeting minutes were unanimously approved.

3. MUSC Pilot Program

PEBA Interim Director David Avant presented an overview of the MUSC Pilot Program proposal [In notebook materials: MUSC Patient Centered Medical Home (PCMH) Overview]. He also presented a plan document summarizing MUSC’s PCMH Pilot provisions compared to the current 2014 State Health Plan (SHP) [In notebook materials: MUSC Comparison to the SHP].

Mr. Avant provided the following plan components:

- 1) MUSC Plan for employees and dependants
- 2) PCMH Modeled Plan
- 3) ACA Compliant Plan
- 4) Plan Options that comply with the 2014 SHP Proviso [Proviso 105.7]
- 5) Actuarial Neutral Plan

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Mr. Penn questioned if the MUSC PCMH Pilot Program would promote adverse selection to those participants who may default into the 2014 State Health Plan, which is not ACA compliant. He was concerned that an ACA compliant plan would negatively affect the negotiating power for providers within the current 2014 SHP. Mr. Avant advised that the MUSC Pilot would be ACA compliant with non-grandfathered components (i.e. deductibles and co-pays). Consultants have advised that there will not be sufficient adverse selection to diminish effectiveness of the PCMH Model.

Mr. Fusco asked MUSC if they would be opposed to removing the grandfathered status of new and existing Health Savings Plan or Blue Choice HMO participants. MUSC responded that they would not be opposed.

Mr. Avant introduced Mark Lyles with MUSC who summarized the plan proposal and welcomed questions from Board members.

Mr. Fusco asked the following questions:

- 1) What certifications will be required of participating providers of the new pilot program? Mr. Lyles explained that two existing MUSC PCMHs are NCQA (National Committee for Quality Assurance) Level Three certified. It is their goal by the end of Calendar Year 2013 for all affiliated primary care practices to obtain this certification.
- 2) Why not identify MUSC subscribers/ employees who represent the top three to five disease areas by cost and focus the pilot on those subscribers instead of opening enrollment to all MUSC subscribers/ employees?

Mr. Lyles explained that the PCMH would focus on the health management of subscribers who have hypertension, congestive heart failure, and diabetes. Their hope is to attract all subscribers/ employees and then identify the specific groups above through a health assessment.

- 3) Logistically, will subscribers to this plan have easy access to providers considering the compact arrangement of downtown Charleston? Would it be possible to include customer satisfaction measures in addition to health outcomes measurers?
Mr. Lyles explained that they have markedly expanded their facilities off of the Charleston peninsula but do provide rapid access clinics on campus. They have expanded their primary care access sites by 15% and hope to continue that expansion.
- 4) Will Blue Cross Blue Shield be able to administratively accommodate the addition of the new plan? Mr. Avant reported that Blue Cross Blue Shield has agreed to work through details to accommodate the new plan.

Mr. Bjontegard asked what would be the baseline spend and the projected savings associated with the plan. Mr. Lyles explained that the baseline spend would be \$60 million with the goal to avoid any additional cost increases. MUSC would not participate in any savings generated from the plan for several years. There was further discussion about the fact that there is most likely going to be an increase in plan cost during the initial years of the pilot program.

Mr. Penn had concerns that the initially proposed outcome measures and metrics were confining and not centered on those metrics that are the most costly. Mr. Lyles stated that MUSC would not be opposed to focusing on other metrics as the pilot progresses.

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Mr. Pearce requested clarification that the purpose of a PCMH is to target the 20 percent of those subscribers who are most costly to the health care plan. Mr. Lyles explained that a PCMH allows the subscriber population to be assigned a specific provider to manage health care by insuring compliance with medications, scheduling doctor visits, and insuring proper utilization. Through this management process, MUSC will be able to identify those with critical needs and focus on preventative health outcomes to ultimately lower utilization and reduce cost.

Mr. Pearce would like to know if this plan will produce immediate savings. Mr. Lyles responded that there will be immediate opportunity to better manage care and temper utilization which has the potential for immediate savings.

Mr. Bjontegard requested an overview of MUSC's plan to promote and educate MUSC employees of the benefits of joining their PCMH plan. Mr. Lyles explained that MUSC's communication and Human Resource departments are prepared to effectively promote this new plan. They have also been engaging their workforce during the last six months on the issue.

Mr. Fusco requested confirmation that this new plan would be actuarially neutral to the current 2014 State Health Plan in the initial year and years to follow. Mr. Penn expressed concern that health management will initially increase utilization and effectively increasing cost during the initial plan year. Mr. Lyles confirmed that actuaries have indicated that this new plan will be actuarially neutral even during the initial plan year. However, in the event there is a cost to the plan in the future, MUSC would like to be able to adjust plan components (i.e. co-pays) to balance plan cost.

Ms. Boykin would like to insure that the PEBA Board will evaluate and amend the MUSC PCMH Program annually. Mr. Avant insured that this plan would need to be evaluated and approved annually in conjunction with the SHP by the PEBA Board as well as the Budget and Control Board. Plan components would only be altered during this annual approval process.

Mr. Bjontegard asked Mr. Lyles what would be one component of this plan you would change if you had the opportunity. Mr. Lyles responded by requesting better incentives for the plan subscribers.

Mr. Penn would like to stress that there must be a commitment from the subscriber to work simultaneously with providers on new health management lifestyle for the PCMH plan to succeed.

Mr. Heisler would like to have a summary MUSC's internal communications plans and operating standards to insure that all MUSC employees will be properly educated on the new PCMH plan. Mr. Lyles explained that there are multiple communication campaigns currently in place.

- 1) Quarterly town hall meetings requiring mandatory participation from all MUSC employees.
- 2) Educational webinars requiring follow-up test to insure employee understanding of issues.

Mr. Fusco suggested the Health Care Policy Committee may need more time to evaluate this plan to better finalize plan details. Mr. Avant explained that the PEBA Board is scheduled to meet Monday, August 5, 2013, at 1:00 pm to discuss the MUSC Pilot at the Board level. If it is the will of the Board, the plan must be approved by August 15, 2013.

Mr. Pearce suggested that the Health Care Policy Committee must recommend this plan prior to sending it to the PEBA Board. Mr. Penn is not comfortable with the current outcome measurers

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and feels that more work needs to be done prior to finalizing. Ms. Kubu also expressed concern about approving a plan prior to finalizing all details. Mr. Fusco advised that he is in support of the plan purpose but outcome measures must be better defined.

Mr. Bjontegard suggested that all Board members receive a briefing on the MUSC PCMH Pilot Program during the scheduled PEBA Board meeting on August 5, 2013. At that time a motion will be made if needed.

Staff was asked to work with MUSC to gather the following plan details to be presented during the August 5, 2013 Board meeting:

- 1) Detailed actuarial figures based upon the changed plan components (adjusted fees and cost).
- 2) Analysis of current MUSC subscribers to identify the key target population to serve as the focus of the pilot.
- 3) Identify additional customer satisfaction measurers/ health outcome metrics.

4. Adjournment

There being nothing further to discuss, Chairman Pearce requested a motion to adjourn. Mr. Heisler moved to adjourn and Mr. Penn seconded. The committee unanimously voted to adjourn at 4:15 p.m.