

# MINUTES

## PUBLIC AGENCY COALITION ENTERPRISE (PACE)

### EXECUTIVE COMMITTEE MEETING

July 28, 2021

2:00 pm

#### I. CALL TO ORDER

The meeting was called to order at 2:07 pm.

---

#### II. ROLL CALL

##### EXECUTIVE COMMITTEE MEMBERS:

DANVILLE, TOWN OF  
REGIONAL GOVERNMENT SERVICES  
SUPERIOR COURT OF CA, MENDOCINO COUNTY  
TRUCKEE DONNER RECREATION & PARK DISTRICT  
VACANT

Qiana London, Non-Officer Member  
Jennifer Bower, **President**  
Kim Turner, **Secretary/Treasurer**  
David Faris, Non-Officer Member  
**Vice President**

##### MANAGERS:

KEENAN & ASSOCIATES

Peter McNamara  
Christine Hough  
Stacey Comerchero  
Nancy Schott

##### OTHERS:

KEENAN & ASSOCIATES

Sam Mel-Chan  
Dayna Gowan  
Laurie LoFranco

ANTHEM

Ashley Frohling  
Alaina Mattox

CITY OF LIVINGSTON

Lam Silva

REGIONAL GOVERNMENT SERVICES

Christina Nygard

Note: Qiana London, from the Town of Danville, attended the meeting in place of Lani Ha as a Non-Officer Member.

---

#### III. PUBLIC COMMENTS

There were no public comments.

---

**IV. APPROVAL OF AGENDA – July 28, 2021**

**Action  
2021-034**

Presented by Jennifer Bower

Motion to approve the July 28, 2021 agenda: 1. Kim Turner, 2. David Faris. Motion unanimously approved by the Executive Committee.

---

**V. APPROVAL OF MINUTES – May 19, 2021**

**Action  
2021-035**

Presented by Jennifer Bower

The Executive Committee members in attendance at the May 19, 2021 meeting were Jennifer Bower, Danna Rasmussen and Lani Ha. With Danna Rasmussen's retirement as of July 6, 2021, there will not ever be a quorum of Executive Committee Members who attended the May 19, 2021 meeting to approve the Minutes. The Executive Committee decided to let the May 19, 2021 Minutes stand as written without an approval vote.

---

**VI. CORRESPONDENCE**

**Information  
2021-036**

Presented by Peter McNamara

Anthem's Dignity Health Post Termination FAQs effective July 15, 2021 was reviewed. Dignity Health and Anthem were unable to come to an agreement for hospital services and the contract terminated effective July 15, 2021. The Dignity Health HMO Medical Groups preliminary termination update was also reviewed. If Dignity Health HMO Medical Groups and Anthem are unable to come to terms, their contract may terminate effective September 1, 2021.

---

**VII. FINANCIAL**

**REFERENCE BASED PRICING**

**Information  
2021-037**

Presented by The Phia Group

Garrick Hunt presented information on Phia Group's reference-based pricing model (RBP) to reduce plan costs for PACE's out-of-network claims from providers, facilities, air ambulance and anesthesiologists. Some PACE groups have members who live in more rural areas and utilize out-of-network providers due to a lack of local in network Anthem providers which can result in balance billing to the member.

Out-of-network claims from non-participating providers are processed in one of three ways by a health plan: 1) no coverage (may no longer be a viable option when the No Surprises Act goes into effect January 1, 2022), 2) wrap networks with pre-arranged discounts or defined reimbursement plan language or 3) repriced using a methodology such as RBP. RBP is not designed to steer members to seek out of network services, but rather protect the member and plan if a member ends up using a provider outside of the network. Going outside of the network may occur in case of an emergency or if an in network provider isn't available.

Reference based pricing is based on a reference, such as the Medicare reimbursement rate. Claims are repriced relative to that reference at a more cost effective rate than originally billed to the member, producing cost savings. When RBP is used, non-network providers submit a bill directly to the RBP vendor who will re-price the bill based on the Medicare reimbursement rate. A pre-determined margin will be added to create a justifiable rate to reimburse a provider. The repriced rate is then submitted to the provider as

payment. Nationally, reference based pricing is typically 140% above Medicare reimbursement rate and will be accepted nine times out of ten as payment in full by a provider.

If a provider does not accept the repriced bill as payment, a member may receive a balance bill. The RBP vendor will then defend the member in two ways: 1) advocacy directly with the provider to accept the data based RBP repriced amount as payment in full and if needed 2) negotiation between the RBP vendor and the provider to agree on a renegotiated payment amount as payment in full. The focus of the RBP vendor is to insulate members from balance bills while reducing overall claims costs. PACE cannot be held responsible for any balance bill if the claim was paid according to the plan document.

Jennifer Bower asked if there have been any out-of-network balance bill issues where a member sought relief directly from PACE for a balance bill. There were several claims in 2020 from an agency in Southern California with out-of-network utilization due to an accident and the member requested PACE pay the balance bill. Because the claim was paid according to the plan documents at the out-of-network benefit, the Executive Committee declined to pay the balance bill.

The goal is to reduce claims costs to both the plan and the member. Jennifer Bower brought up the possibility of a ConsumerMedical Center of Excellence being out-of-network. ConsumerMedical negotiates with its Centers of Excellence to be in-network so there shouldn't be any surprise bills from out of network providers/facilities associated with a Center of Excellence that was referred by ConsumerMedical.

Phia Group is paid based on a percentage of actual savings based on the difference between the original billed amount and final, repriced amount or a PEPM model based on total member population. A fee cap can also be put in place.

The No Surprises Act passed by Congress and effective January 1, 2022 will restrict balance bills for certain emergency services from non-network providers.

Phia Group is willing to provide a complimentary analysis using PACE out-of-network claims data showing claims costs, experience and savings based on the current out-of-network benefits. This analysis would assist PACE Management in determining if presenting the Phia Group program to the Full Board at a future meeting would be beneficial.

## **2nd QUARTER FINANCIALS REPORT**

Presented by Sam Mel-Chan

**Information**

**2021-038**

The 2nd Quarter Financials Report as of June 30, 2021 was reviewed. Effective in the July Monthly Financial Review stop loss reimbursements will be itemized. The first six months of 2021, medical claims were averaging approximately \$1M per month. For July 2021, claims are closer to \$560,000.

## **2022 PRELIMINARY RENEWAL UPDATE**

Presented by Christine Hough

**Information**

**2021-039**

Christine Hough reviewed the 2022 preliminary renewal using July 2020 – June 2021 claims experience. Without the MCSIG deficit recoupment, the renewal would be approximately 4.5%. With 3% margin and the MCSIG deficit recoupment, the renewal is estimated to be 7%. 2022 will be the third and final year PACE is responsible for deficit recoupment payments which will save PACE approximately \$500,000 per

year. PACE's renewals are running lower than Anthem's renewal trends. The 2022 renewal calculations include the 3% commission, PEPM Wellness program fee of \$8 and stop loss increase assumption of 55%.

For the 2021 stop loss renewal, Keenan negotiated a 12% reduction in premium with Symetra and a cap on future rate increases. Based on 2021 claims experience (including a loss ratio of 230%), a rate increase of up to 55%, may be received although Keenan will negotiate for a lower renewal increase.

### **ANTHEM UPDATE**

Presented by Ashley Frohling

**Information**  
**2021-040**

Dan Saeger retired and Ashley Frohling is PACE's Account Executive until the position is permanently filled. The Anthem utilization report for June 2021 was reviewed and utilization is increasing. In-network claims account for 97.5% of claims. Approximately 85% of claims are below \$3,000. High cost claims account for 50% of medical spend. One large claim accounted for \$1.9M of the high cost total with 14 claims accounting for the balance. There was one new high cost claim in July over \$50,000.

The Dignity Health and Anthem hospital contract was terminated effective July 15, 2021 and both parties are in negotiations every day. PACE's Dignity Health utilization includes 38 members on PPO plans and 3 members on HMO plans. The two hospitals most utilized by PACE members and affected by the termination are French Hospital in San Luis Obispo and Mercy Hospital in Merced.

### **LIVEHEALTH ONLINE UPDATE**

Presented by Peter McNamara

**Information**  
**2021-041**

The LiveHealth Online utilization report was reviewed. There have been 35 new registrations since January 2021. Peter McNamara hopes agencies keep encouraging their Anthem members to utilize LiveHealth Online as it provides savings for PACE. Approximately 67% of members who utilized LiveHealth Online would have utilized a more expensive option if LiveHealth Online wasn't available.

### **CONSUMERMEDICAL UPDATE**

Presented by Stacey Comerchero

**Information**  
**2021-042**

Stacey Comerchero shared that a wildfire resource flyer with a link to an education webinar on Wildfires, Air Quality and Your Health was sent to all PACE groups. She also reviewed the Nutrition and Exercise webinar being held on August 4, 2021 and an Airbo live link available August 1 – December 31, 2021 employers can include in their open enrollment materials. There was an increase of two participants who registered for the program and seven services conducted in June-July. There has not been any participation in the surgery decision program in 2021.

### **EMPIRX HEALTH UPDATE**

Presented by Peter McNamara

**Information**  
**2021-043**

The June EmpiRx utilization report was reviewed. For January – June 2021, claims have been averaging approximately \$230,000 per month which is similar to the monthly average for the previous two years. The plan paid approximately 92% of costs with members paying the remaining 8%. PACE has 19–20 specialty drugs prescribed monthly which account for 59.3% of total drug spend. The generic fill rate of 88% helps

PACE's bottom line.

**WELLNESS UPDATES**

Presented by Dayna Gowan

**Information**

**2021-044**

An update on the PACE 2021 Health Management Program was reviewed. There are 185 participants registered on the WellSteps platform through mid-July 2021 with 25 reaching an awards level so far. The first behavior change campaign, Healthy Weight For Life, had 56 participants meet their goal and earn the required behavior change campaign point. The second behavior change campaign, Resilient You Now, ended July 25 with approximately 50 participants and the final behavior change campaign, Move It: Coast to Coast, takes place August 30 – October 17, 2021. The 2021 program ends November 15, 2021.

---

**VIII. ADMINISTRATION**

**AGENCY REQUEST FOR EXCEPTION TO DEPENDENT ENROLLMENT DEADLINE**

**Action**

Presented by Stacey Comerchero

**2021-045**

There is a request for an exception to the 31-day deadline to enroll a newborn dependent from a member at the City of Livingston. The baby was born on May 10, 2021 however, the member did not submit a request to the City to add the baby within the required timeframe. The member provided a written request to the Executive Committee for exception. Kim Turner suggested the exception be granted on compassionate grounds and Jennifer Bower agreed.

A motion was made to add the baby to the plan after the 31-day deadline: 1. Kim Turner, 2. David Faris. After discussion, the motion was withdrawn by Kim Turner with the consent of David Faris.

Lam Silva is concerned approving the request would set a precedent where other employees could disregard the timeframes allowed for changes. Danna Rasmussen provided all required materials to enroll the newborn by the 31-day deadline to the member as well as a phone call reminder. Lam Silva requested the Executive Committee defer a vote on this issue until the August Executive Committee Meeting due to internal issues at the City

After additional discussion, a motion was made to defer the decision until the August 25, 2021 Executive Committee Meeting: 1. Kim Turner, 2. David Faris. Motion unanimously approved by the Executive Committee.

**PACE NEW MEMBER ACTIVITY**

Presented by Christine Hough

**Information**

**2021-046**

There were six requests evaluated and quoted as potential members of PACE:

1. City of Fontana – 752 employees with 185 Anthem, 448 Kaiser and 119 waivers. Christine Hough was able to provide competitive rates, especially for the PPO 500 plan.

2. San Luis Obispo Regional Transit Authority – 78 employees, with SDRMA PPO Gold and PPO Silver plans. Rates are 25% higher than their current rates; however, the PACE plans are richer.

3. Sierra County – 112 employees with 6 waivers, with SDRMA. Most employees and dependents are seeking services in Reno.

4. Superior Court of CA, Kings County – 82 employees with 45 on UHC and 37 waivers (45%). Even though the number of waivers is higher than the 20% PACE allows, the group demographics are attractive due to a lower average age and employee only coverage for most members. Although a vote cannot be taken until the August Executive Committee Meeting, after discussion, the Executive Committee agreed to go with Keenan’s recommendation and release the quote to the prospect to determine interest in joining PACE.

5. Heber Public Utility District – 12 employees – currently with SDRMA age rated Anthem PPO Gold 500 with good risk factors. Christine Hough was able to provide competitive rates. The number of waivers is higher than the 20% PACE allows. Although a vote cannot be taken until the August Executive Committee Meeting, after discussion, the EC Committee agreed go with Keenan’s recommendation and release the quote to the prospect to determine interest in joining PACE.

6. City of Nevada City – 25 employees – currently Blue Shield PPO and HMO age rated plans. Christine Hough was able to provide competitive rates for PPO rates.

**APPOINTMENT OF VICE PRESIDENT AND ONE NON-OFFICER EXECUTIVE COMMITTEE MEMBER** **Action**  
Presented by Peter McNamara **2021-047**

Danna Rasmussen’s retirement on July 6, 2021 resulted in the Vice President position becoming vacant. David Faris agreed to move from the Non-Officer Member position to the Vice President position leaving one Non-Officer Member position vacant. The current term for both positions ends December 31, 2021.

Motion to appointment David Faris as Vice President and Lam Silva as a Non-Officer Executive Committee Member to serve out the remainder of the current term through December 31, 2021: 1. Kim Turner, 2. Jennifer Bower. Motion unanimously approved by the Executive Committee.

**AUGUST 25, 2021 EXECUTIVE COMMITTEE AND FULL BOARD RENEWAL MEETING LOGISTICS** **Information**  
Presented by Peter McNamara **2021-048**

In a survey sent to all Full Board Members, they voted overwhelming to meet via Zoom for the Full Board and Executive Committee meetings on August 25, 2021. After discussion, the Executive Committee agreed.

---

**IX. INFORMATION**

**EXECUTIVE COMMITTEE COMMENTS** **Information**

There were no Executive Committee comments.

**MANAGER COMMENTS**

**Information**

There were no Manager comments.

---

**X. AGENDA ITEMS NEXT MEETING**

**Information**

Executive Committee Members and others may suggest items for consideration at the next meeting scheduled for August 25, 2021 via Zoom.

- 2022 Renewals
- Monthly Financial Review, Anthem update, LiveHealth Online update, EmpiRx update and ConsumerMedical updates.

---

**XI. ADJOURNMENT**

The meeting was adjourned at 3:43 pm.