

## MINUTES

### PUBLIC AGENCY COALITION ENTERPRISE (PACE)

#### EXECUTIVE COMMITTEE MEETING

July 27, 2022

2:00 pm

#### I. CALL TO ORDER

The meeting was called to order at 2:01 pm.

---

#### II. ROLL CALL

##### EXECUTIVE COMMITTEE MEMBERS:

REGIONAL GOVERNMENT SERVICES  
SUPERIOR COURT OF CA, MENDOCINO COUNTY  
TRUCKEE DONNER RECREATION & PARK DISTRICT  
UPLAND, CITY OF  
OPEN

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

##### MANAGERS:

KEENAN & ASSOCIATES

Peter McNamara  
Christine Hough  
Stacey Comerchero  
Chris Jordan  
Nancy Schott

##### OTHERS:

KEENAN & ASSOCIATES

Sam Mel-Chan  
Dayna Gowan  
Laurie LoFranco

ANTHEM

Joelle Jarmillo  
Alaina Mattox

REGIONAL GOVERNMENT SERVICES

Christina Nygard

SANGER, CITY OF

Becky Ramirez

---

#### III. PUBLIC COMMENTS

There were no public comments.

---

#### IV. APPROVAL OF AGENDA – July 27, 2022

Presented by Jennifer Bower

**Action**  
**2022-041**

Motion to approve the July 27, 2022 agenda: 1. Kim Turner and 2. David Faris. Motion unanimously

approved by the Executive Committee.

---

**V. APPROVAL OF MINUTES – May 25, 2022**

**Action  
2022-042**

Presented by Jennifer Bower

Motion to approve the May 25, 2022 Minutes: 1. David Faris and 2. Kim Turner. Motion unanimously approved by the Executive Committee.

---

**VI. CORRESPONDENCE**

**Information  
2022-043**

Presented by E. Peter McNamara

The initial Anthem ASO renewal was received with an increase of 10% to the current rate. After negotiations, the renewal was reduced to 7% and included \$50,000 to be used for wellness during the 2023 plan year. Using the wellness dollars towards the 2023 renewal will allow PACE to reduce the current \$8.00 PEPM wellness fee to either \$5.00 PEPM or \$6.00 PEPM which will ultimately reflect on the overall renewal for PACE.

The initial Anthem HMO renewal was received with an increase of 22% which was negotiated down to 9.8%. Although the plans are fully insured and manually rated, the high claims and low enrollment of the PACE population are the factors that were taken into account with the initial renewal. The Executive Committee discussed the idea of not offering Anthem HMO plans. Peter McNamara indicated several years ago there were two agencies who thought the PPO and EPO plans were too expensive; therefore, HMO plans were introduced.

Peter McNamara explained the fully insured HMO renewal increase does not affect the self-funded PPO/EPO renewals for 2023 nor will it in the future. PACE Management will continue to work with Anthem to reduce the HMO renewal and research possible alternatives to the current plans.

The 2020 and 2021 final audits and letters from EideBailly were reviewed. They have been filed with the State and PACE is in good standing.

---

**VII. FINANCIAL**

**MEMBER REQUEST TO OVERTURN AN ANTHEM DENIAL OF COVERAGE**

**Action  
2022-044**

Presented by E. Peter McNamara

Note: The Executive Committee agreed to move this agenda item to closed session at the end of the meeting.

**EMPIRX COST MITIGATION PROGRAMS**

**Action  
2022-045**

Presented by E. Peter McNamara

Peter McNamara reviewed EmpiRx's specialty drug cost mitigation programs as presented at the May 2022 Executive Meeting.

1. **Variable Copay Assistance Program:** a coupon program utilizing copay cards from various manufacturers resulting in up to 30% in copay assistance. Mail order is required for specialty drugs with 0 grace fill and a max member payment. There is a fee of \$1.10 PMPM or approximately \$30k

a year in fees with net estimated annual savings after fees of \$411,798.

2. **Powered by Payer Matrix:** assistance is provided from Patient Assistance Program (PAP) along with a copay card from the manufacturers with detailed clinical management. Mail order is required for specialty drugs with 0 grace fill and 100% member pay for all eligible medications. The savings are higher for this program with a fee of 30% of savings billed as compensation to EmpiRx. PACE Management will work with EmpiRx to better understand how billed savings will be determined and reported. The net estimated annual savings after fees is \$1,104,858. Approximately 65% of pharmacy spend is generated by approximately 30 people.

Both programs are based on pharmacists reaching out to individual providers to educate them, especially around specialty medications, to ensure a member is taking the most effective drug for the least cost to the plan. For the Powered by Payer Matrix program, if the savings don't materialize, EmpiRx is not compensated. PACE can also discontinue either program at any time.

Savings are generated by the member copays on the Variable Copay Assistance Program. Savings on the Payer Matrix are generated by member savings and EmpiRx cost savings which will ultimately provide savings to PACE.

Motion to move the vote on this item until after the Anthem update and Financial Report have been heard: 1. Kim Turner and 2. David Faris. Motion carried unanimously by the Executive Committee.

Once the Anthem update and Financial Report through June 30, 2022 were heard, the Executive Committee discussed the EmpiRx cost mitigation programs. One option considered is eliminating program(s) which are not being utilized and use those monthly fees toward the EmpiRx's Variable Copay Assistance program monthly fee of \$1.10 PMPM. ConsumerMedical was brought up as a program to consider eliminating as it has very low utilization, even after three years of attempted member engagement by PACE Management. The Executive Committee has the authority to add programs with the decisions being brought to the Full Board as an information item at the August Meeting.

Motion to have PACE participate in the Variable Copay Assistance and Powered by Payer Matrix EmpiRx specialty drug programs: 1. Kim Turner and 2. David Faris. Motion approved unanimously by the Executive Committee.

## **QUARTERLY FINANCIAL REPORT AS OF JUNE 30, 2022**

Presented by Sam Mel-Chan

**Information**

**2022-046**

The Quarterly Financial Review as of June 30, 2022 and LAIF account statement March 1, 2022 – June 30, 2022 were reviewed. The MCSIG deficit recoupment will be complete at the end of 2022; the final quarterly payment will be made in October. PACE received a 2021 rebate of approx. \$103k. Total net position as of June 30, 2022 is \$4,170,00. The estimated cash balance at the end of 2022 is \$7.2M.

## **2023 PRELIMINARY RENEWAL DISCUSSION**

Presented by Christine Hough

**Information**

**2022-047**

Christine Hough discussed the preliminary Anthem self-funded renewal. The 2023 renewal estimate is

based on claims experience through June 30, 2022 and includes a 30% stop loss increase, 7% ASO fee increase and \$8.00 PEPM wellness fee: 3.19% without margin and 5.68% with a 3% margin. If the Anthem provided wellness funds are allocated to the wellness PEPM cost, the wellness fee per month could be reduced from \$8.00 PEPM to \$5.00 PEPM: the renewal would be 2.99% without margin and 5.5% with a 3% margin. If a wellness fee of \$3.00 PEPM instead of \$8.00 PEPM is used, the renewal would be 2.86% without margin and 5.35% with a 3% margin.

The preliminary renewal is based on claims through June and the final renewal will be based claims through July. Completing the three year MCSIG deficit recoupment program 2020 - 2022 contributed to the favorable renewal percentage. Peter McNamara recommended a 5.68% or 5.0% renewal rate with margin rather than the lower 3.19% increase without margin to keep PACE fiscally sound and future renewals reasonable. The Executive Committee agreed margin should be included in renewals each year; however, if PACE continues to run well financially, perhaps a margin smaller than 3% could be considered in the future. Utilizing the lower \$5.00 wellness PEPM fee would also reduce the estimated renewal increase and could be brought to the Full Board as an example of how PACE is containing costs. The Executive Committee was very pleased with the preliminary renewal.

There is one potential claim for an ongoing recurring high cost specialty drug which may not be submitted before August. Stop Loss carriers responding to the 2023 renewal marketing may want to include a laser for the member for the 2023 renewal based on this ongoing claim.

#### **ANTHEM UPDATE**

Presented by Joelle Jarmillo

**Information**

**2022-048**

The June 2022 Anthem utilization report was reviewed. In network utilization has decreased to 93%, possibly from new members who are in more rural areas and still learning to utilize the network. There are 8 high cost claimants over \$100k. Peter McNamara indicated there were 12 weeks when claims were over \$250k per week January – June 2022. Through the third week of July, claims are averaging \$231k. Weekly claims are reviewed as a check to make sure PACE and Anthem are tracking claims in a similar manner.

Preliminary renewals: although initially higher, Anthem offered a 7% ASO fee increase for each of the next 3 years, 2023 – 2025, in addition to \$50k wellness budget per year. PACE can use the wellness funds in any way they wish each year. Although 7% is a high renewal, the ASO fee quoted to PACE for 2020 – 2022 was low as Anthem wanted PACE to stay with Anthem rather than moving to Blue Shield through MCSIG. Jennifer Bower said 7% was high with David Faris and Kim Turner agreeing, but compared against current high costs, it is not unreasonable. The 7% renewal translates to an increase of \$3.00 PEPM.

#### **ANCILLARY UPDATES**

Presented by E. Peter McNamara and Stacey Comerchero

**Information**

**2022-049**

The LiveHealth Online June 2022 utilization report was reviewed with 5 new registrations in June bringing total registrations to 350. There were 20 – 25 visits in June including 184 total medical visits and 6 total behavioral health visits in 2022.

The EmpiRx June 2022 utilization report was reviewed. Total spend is \$1.7M with \$1.1M from specialty drugs. The new specialty drug clinical management programs should help reduce plan costs.

A ConsumerMedical flyer outlining how to find quality care was reviewed and will be sent to PACE groups in early August. There have been 9 participants with 14 services (including registration which count as a service) in 2022.

**WELLNESS UPDATES**

Presented by Dayna Gowan

**Information or Action if need be**

**2022-050**

An update on the PACE 2022 Health Management Program was reviewed. There are approximately 2,300 people on the eligibility file and 166 members, or 7%, have registered on the WellSteps site through mid-July. Rewards have been earned by 16 people which will be awarded when the program ends. The second behavior change campaign, Veggie Up was reviewed and the third Behavior Change Campaign, Train Your Brain, is going on now and wraps up July 31, 2022. There are 47 participants with 21 who have completed the Train Your Brain campaign so far. The fourth and final behavior change campaign will take place mid-August – mid-October.

Participation for 2022 v. 2021 was reviewed for a possible mid-year increase in the reward amount; however, the Executive Committee would like to discuss this issue at a future Executive Committee Meeting when a clearer renewal and financial picture are available.

---

**VIII. ADMINISTRATION**

**REQUEST FOR DURABLE MEDICAL EQUIPMENT  
PAYMENT EXCEPTION**

Presented by E. Peter McNamara

**Information or Action if need be**

**2022-051**

A member's physician recommended a new type of insulin pump, Omnipod 5, which is more technologically advanced than the member's current pump. The pump manufacturer requires claim payment through the pharmacy plan rather than the medical plan, which is industry standard. EmpiRx will conduct a peer to peer review with the prescribing physician to determine the necessity of providing the new pump to the member. Separately, EmpiRx will contact the pump manufacturer regarding their requirement of claim payment through the pharmacy plan rather than the medical plan.

If the manufacturer refuses to allow the claim to be processed by the medical plan, an exception request will be brought back to the Executive Committee at a future Executive Committee Meeting for the claim to be paid thru EmpiRx at the \$30 brand name copay for the device and \$30 copay a month for a 12 month supply of the replacement insulin pods.

**PACE NEW MEMBER ACTIVITY**

Presented by Christine Hough

**Information**

**2022-052**

There were 4 requests received for evaluation since the last Executive Committee Meeting.

1. University of Redlands – 600 eligible employees with 29% waivers. PACE declined to quote as the number of waivers does not meet underwriting guidelines and the average age is 49, higher than PACE's average if 45.

Kim Turner asked about the underwriting guidelines regarding waivers. The 20% waiver number prevents

adverse selection by keeping younger, healthier members in the group along with potentially older, less healthy members. Christine Hough and Peter McNamara review cases and make exceptions to the underwriting guidelines when it is beneficial to PACE.

2. Compass Charter Schools – 206 eligible employees with 35 waivers (17%). PACE was able to provide competitive rates and Stacey Comerchero shared they are joining PACE eff. 9/1/22.

3. Port of Stockton – 79 eligible employees currently with CalPERS. Risk factor is more than 30% higher than PACE due to various risk factors and demographics (average age is 53). PACE declined to quote.

4. City of Azusa – 259 eligible employees currently with CalPERS. Risk factor is more than 40% higher than PACE. Due to the risk factors and demographics. PACE declined to quote.

**AUGUST EXECUTIVE COMMITTEE AND FULL BOARD  
RENEWAL MEETINGS LOGISTICS**

**Action  
2022-053**

Presented by E. Peter McNamara

The Executive Committee discussed holding the Executive Committee and Full Board renewal meetings in person or via Zoom on August 24, 2022. The Executive Committee agreed to have the meetings held via Zoom.

Motion to have the Executive Committee and Full Board Renewal Meetings on August 24, 2022 held via Zoom: 1. Kim Turner and 2. David Faris. Motion unanimously approved by the Executive Committee.

**APPOINTMENT OF EXECUTIVE COMMITTEE NON-OFFICER MEMBER AND  
DISCUSSION OF ELECTIONS FOR JANUARY 1, 2023 – DECEMBER 31, 2024 TERM**

**Action  
2022-054**

Presented by E. Peter McNamara

Lam Silva vacated her position as Non-Officer Executive Committee Member effective June 30, 2022. Becky Ramirez, Full Board Member from the City of Sanger, offered to serve out the Non-Officer term through December 31, 2023. Becky Ramirez is City Clerk and Deputy Personnel Officer with the City.

Motion to appoint Becky Ramirez as a Non-Officer Executive Committee Member through December 31, 2023: 1. Kim Turner and 2. David Faris. Motion unanimously approved by the Executive Committee.

The upcoming elections of the President and Secretary/Treasurer positions for the January 1, 2023 – December 31, 2024 term to be held at the August 24, 2022 Full Board Meeting was not discussed. The elections will be discussed at the August 24, 2022 Executive Committee Meeting.

---

**IX. INFORMATION**

**EXECUTIVE COMMITTEE COMMENTS**

**Information**

There were no Executive Committee Comments.

**MANAGER COMMENTS**

**Information**

The PACE website is available at [pacejpa.org](http://pacejpa.org); however, it is not complete as content is still being added.

In the past, an in person Executive Committee Strategic Planning Meeting was held offsite in late January with travel costs paid by PACE. If the Executive Committee members are interested, one option discussed was to arrive the night before, have dinner and hold the Strategic Planning Meeting the following day leaving after the meeting. Possible locations might include Santa Barbara or Palm Springs.

The Executive Committee seemed interested and PACE Management will bring additional information to the August Executive Committee Meeting.

---

**X. AGENDA ITEMS NEXT MEETING**

**Information**

Executive Committee Members and others may suggest items for consideration at the next meeting scheduled for August 24, 2022 via Zoom.

- 2023 Renewal finalization
- Monthly Financial Review

---

**XI. ADJOURNMENT**

The meeting was adjourned at 3:50 pm.

---

**CLOSED SESSION:**

**MEMBER REQUEST TO OVERTURN AN ANTHEM DENIAL OF COVERAGE**

**Action  
2022-044**

Presented by E. Peter McNamara

Note: this agenda item was moved to closed session at the end of the meeting.

Present at the closed session: Jennifer Bower, David Faris, Kim Turner, Theresa Doyle, Becky Ramirez, Peter McNamara, Stacey Comerchero, Chris Jordan, Nancy Schott and Alaina Mattox.

Motion to uphold multiple denials of coverage made by Anthem and for the Executive Committee to reach out to Keenan counsel to draft a response letter to the member: 1. Kim Turner and 2. David Faris. Motion approved by the Executive Committee.

(Yes: Jennifer Bower, David Faris, Kim Turner and Becky Ramirez; No: none. Abstain: Theresa Doyle)

Note: Theresa Doyle recused herself from voting on this agenda item due to a conflict of interest.