

## MINUTES

### PUBLIC AGENCY COALITION ENTERPRISE (PACE)

#### EXECUTIVE COMMITTEE MEETING

May 25, 2022

2:00 pm

#### I. CALL TO ORDER

The meeting was called to order at 2:04 pm.

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#### II. ROLL CALL

##### EXECUTIVE COMMITTEE MEMBERS:

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

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

EMPIRX

Kelly Santana  
Christie Murray

EIDEBAILLY

Andrew Park

REGIONAL GOVERNMENT SERVICES

Christina Nygard

\*Not in attendance.

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**III. PUBLIC COMMENTS**

There were no public comments.

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**IV. APPROVAL OF AGENDA – May 25, 2022**

**Action**

Presented by David Faris

**2022-031**

Motion to approve the May 25, 2022 agenda: 1. Kim Turner and 2. Teresa Doyle. Motion unanimously approved by the Executive Committee.

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**V. APPROVAL OF MINUTES – March 23, 2022**

**Action**

Presented by David Faris

**2022-032**

Motion to approve the March 23, 2022 Minutes: 1. Kim Turner and 2. Teresa Doyle. Motion unanimously approved by the Executive Committee.

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**VI. CORRESPONDENCE**

**Information**

Presented by E. Peter McNamara

**2022-033**

EmpiRx's Quarter 3 Rebate Summary was reviewed.

Anthem issued termination letters in error to some members stating their doctors in the Dignity Health system and the Sharp Rees-Stealy Medical Group were no longer participating. The Anthem apology letters sent to affected PACE members were reviewed.

The PACE Stewardship letter was reviewed. Commission for 2021 was reduced from 5% to 3% due to increase in membership and premium along with the completion of the MCSIG deficit recoupment at the end of 2022.

SETECH sent the 2021 PACE Special Districts Compensation Report to the State Controller's office. A copy of the report was included in the agenda packet.

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**VII. FINANCIAL**

**EMPIRX ANNUAL REVIEW AND SPECIALTY PROGRAMS PRESENTATIONS**

**Information**

**2022-034**

Presented by Kelly Santana

The EmpiRx's 2021 Annual Review was presented by Kelly Santana and Christie Murray. EmpiRx uses risk profiling and predictive modeling to tailor cost containment programs and strategies that can result in cost savings to PACE.

PACE's Per Member Per Month (PMPM) trend is flat despite a 4% increase in claims. Excluding COVID claims, PACE experienced a 1% increase in the number of claims, while the paid claims amount decreased by 9%.

The top drivers of plan spend and clinical savings were reviewed for 2021. The top 5 utilized drug groups represented 65% of total plan spend while specialty drugs drove 57% of plan spend generated by only 2% of total claims. Maintenance medications are 80% of total drug spend. During the 2021 plan year, there were 19,241 claims by 1,194 users. Plan spend for specialty drugs was \$1,437,048 while non-specialty plan spend was \$1,067,349.

EmpiRx offers two specialty drug cost mitigation programs which both include a member outreach component:

1. **Variable Copay Assistance Program:** a coupon program utilizing copay cards from various manufacturers resulting in up to 30% in copay assistance. There is a fee of \$1.10 PMPM cost to the plan. Net estimated savings after fees is \$411,798. Mail order is required for specialty drugs with 0 grace fill and a max member payment.
2. **Payer Matrix:** assistance is provided from Patient Assistance Program (PAP) along with a copay card from the manufacturers. The savings are higher for this program with a fee of 30% of savings billed. Net estimated savings after fees is \$1,104,858. Questions and qualification questions can be more intrusive than the Variable Copay Assistance Program. Mail order is required for specialty drugs with 0 grace fill and 100% member pay for all eligible medications.

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.

Implementation of either or both programs would take approx. 90 days.

## 2020 AND 2021 FINANCIAL AUDITS

Presented by Andrew Park

**Action  
2022-035**

The 2021 and 2022 audits were presented and discussed by Andrew Park of EideBailly, the independent auditor who audits the financial statements prepared by SETECH for PACE.

Both audits received an unmodified opinion. There was a slight deficiency in both audits relating to the reporting standards timeline. The 2020 and 2021 audits were prepared concurrently; therefore the deficiency in the 2020 audit was unable to be corrected in the 2021 audit.

Sam Mel-Chan indicated the deficiencies relate to the EmpiRx and Stop Loss rebates which require estimation by GASB regulations. Peter McNamara stated it is very difficult to estimate the Stop Loss reimbursement. Peter McNamara, Christine Hough and Sam Mel-Chan will discuss stop loss rebate estimation as part of the 2023 renewal process. The audit approval letters will be sent to David Faris for signature via DocuSign by Sam Mel-Chan.

Motion to accept the 2020 and 2021 Financial Audits as presented: 1. Kim Turner and 2. Theresa Doyle. Motion unanimously approved by the Executive Committee.

**QUARTERLY FINANCIAL REPORT**

Presented by Sam Mel-Chan

**Information  
2022-036**

The Quarterly Financial Review as of March 31, 2022 was reviewed. PACE's net position is \$7,846,856 as of 3/31/22. Claims have been running approximately \$1M per month through 5/25/22. If the trend continues, PACE should run according to budget through the end of the 2022 plan year. Late fees were discussed and Peter McNamara indicated there are no regular late fee offenders at this point. The PACE Executive Board recently agreed to waive the late fee for an agency's first late payment; however, any future late premium payments would be subject to the late fee.

The LAIF March 2022 Account Statement was reviewed and will be received each quarter. PACE joined LAIF in March so the first Account Statement only showed the month of March.

**ANTHEM UPDATE**

Presented by Joelle Jarmillo

**Information  
2022-037**

Anthem had a system error which resulted in termination letters being sent to PACE Dignity Health and Sharp Rees-Stealy members. The apology letters were shared with the Committee.

The April 2022 Anthem utilization report was reviewed. Claims costs are higher in 2022 than for the same time frame in 2021. There are six high cost claimants, each with claims over \$100,000.

Joelle Jarmillo reviewed the new Virtual Primary Care program and presented a cost/services comparison for the Virtual Primary Care (VPC) and LiveHealth Online (LHO) programs. Members will access VPC and LHO through the Sydney mobile app, which asks questions to determine which program is best suited to a member's needs. VPC is not intended to replace LHO.

**WELLNESS UPDATES**

Presented by Dayna Gowan

**Information  
2022-038**

An update on the PACE 2022 Health Management Program was reviewed, including the second Behavior Change Campaign which wraps up 5/29/22. The next Behavior Change Campaign, Train Your Brain, will run from 6/20/22 – 7/31/22.

Theresa Doyle left the Meeting for a short time, resulting in loss of quorum; therefore, a discussion regarding increasing the 2022 Wellness Program rewards will be tabled until the next Executive Committee Meeting.

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**VIII. ADMINISTRATION**

**PACE NEW MEMBER ACTIVITY**

Presented by Christine Hough

**Information  
2022-039**

There were 5 requests received for evaluation since the last Executive Committee Meeting.

1. Monterey Regional Waste Management – 107 eligible employees with 0 waivers and a single Anthem plan. Currently with Operating Engineers with poor customer service and they wish to stay with Anthem. The PACE plan is approx. 4% less rich in benefits for the same rate; however, they are still considering joining PACE and if do, they would join 7/1/22.
2. City of Glendora – 187 eligible employees with 38 waivers. PACE was quoted 2 years ago and they were interested in another quote. At this time, PACE is not competitive against CalPERS rates.
3. City of Diamond Bar – 57 total employees with 15% waivers. PACE declined to quote due to the higher number of waivers than underwriting guidelines allow.
4. Granite Mountain Charter School – 243 total employees with 90 waivers (37%). Participation in a CIGNA plan is at 27% of membership. PACE declined to quote although if the demographics of the group change in the future, a quote might be reconsidered.
5. San Bernardino County Employee Retirement Association (SBCERA) – 68 total employees with 8 waivers (12% waivers). A quote was provided in December; however, the agency is looking for requote with a 10/1/22 effective date. They are considering PACE.

**DISCUSSION OF REVISED EXECUTIVE COMMITTEE MEETING SCHEDULE**

**Action**

Presented by E. Peter McNamara

**2022-040**

Peter McNamara reviewed the proposed 2022 and 2023 calendars with the goal of reducing the number of Executive Committee Meetings. PACE continues to attract new members and its financial condition has continued to exceed expectations. Fewer Executive Committee Meetings may increase interest in serving on the Executive Committee. Should PACE's financial conditions change or unanticipated issues arise, additional meetings can be scheduled.

For the balance of 2022, the Executive Committee discussed meeting in July, August, October and December and eliminating the June, September and November meetings. The meetings will be scheduled for two hours although they may not last that long. The Full Board calendar remains the same.

For 2023, the Executive Committee will meet in February, April, July, August, October and December with a possible Executive Committee Planning Retreat in January. The Full Board will meet in April, August and December.

Kim Turner suggested when a Full Board Meeting is scheduled in the same month as an Executive Committee Meeting, informational updates only need to be presented during the Full Board Meeting.

Motion to accept the amended 2022 and proposed 2023 Executive Committee and Full Board meeting calendars as verbally amended to include the Executive Committee meeting in July rather than June: 1. Kim Turner and 2. Teresa Doyle. Motion unanimously approved by the Executive Committee.

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**IX. INFORMATION**

**EXECUTIVE COMMITTEE COMMENTS**

**Information**

There were no Executive Committee Comments.

**MANAGER COMMENTS**

**Information**

Peter McNamara provided an update on:

- The PACE website which is targeted for July.
- Ancillary (LiveHealth Online, EmpiRx and ConsumerMedical) updates.

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**X. AGENDA ITEMS NEXT MEETING**

**Information**

Executive Committee Members and others may suggest items for consideration at the next meeting scheduled for July 27, 2022 via Zoom.

- Quarterly Financial Report, Anthem update, LiveHealth Online update, EmpiRx update and ConsumerMedical update.
- Discussion of the EmpiRx specialty programs.

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**XI. ADJOURNMENT**

The meeting was adjourned at 3:47 pm.