

The Health Care Coalition Meeting: September 21, 2004

Attendees: Fran Elm, Lynne Margolies, Brien Farrell, Dave Pinsky, Judy Daugherty, Barbara Schepis, John Morrison, Lorrie Abbott, Bruce Gattoni, Til West

Missing: Dan Adams, Tony Alvernaz

There was a review on the history of health insurance premium costs, which have tripled since 1997. All insurance plans have had rising costs, but the City Plan's costs have increased over 25% for the last two years.

A large factor in the rising cost of City Plan is the prescription drug benefit which is 20% of the cost of the plan. It was determined that more education for our employees in the difference between generic and brand name drugs is needed. There have been some articles in the last few months in the Grapevine but the coalition felt it would be useful to send the article to employees instead.

There was discussion on the utilization of mail order vs. pharmacy. The mail order benefit, as it is currently structured drives up the cost of the prescription benefit. It was suggested that the design could be changed to provide savings to both the employee and the City Plan.

There was a discussion on the differences between our current 2 tier drug system and a 3-tier, wide formulary (similar to Health Net). Formularies are brand name drugs that the Pharmacy Benefit Manager (currently Express Scripts for the City Plan) can get for discounted prices from the manufacturer. Formularies should be both more economical and equally or more effective than other brand names. This type of 3-tier system is the same as currently used by Health Net.

The concept of adverse selection was also mentioned. This is the process where, because of the design of competing health plans, those who have more health problems tend to enroll in one plan causing it to become more expensive. Often in that situation, the healthy people may leave and enroll in another plan. It is very important not to create such a situation, or the plan can end up being so expensive that it cannot be continued.

A comparison of the current health plans was passed out. It is similar to the matrix that is available during open enrollment and for new employees.

The next meeting is scheduled for October 6, 2004 from 10:00 AM to Noon at Finley Community Center, Manzanita Room. At that meeting we will discuss potential plan changes and resulting cost savings and establish a time line.