

MEETING OF THE HEALTH BENEFITS COMMITTEE OF THE RETIREMENT BOARD OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY

**70 West Madison Street. Suite 1925
Chicago, Illinois 60602
9:30 a.m.**

Minutes for the June 20, 2024, Meeting

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund." All Health Benefit Committee ("HBC" or "Committee") recommendations are preliminary in nature and subject to review and approval by the full Retirement Board.

Call to Order and Roll Call:

Trustee Committee Members Present: Patrick McFadden (Chair), Diahann Goode, Jerry Pray, Samuel Richardson, Jr.; Tanya Anthony; Lakeisha Marvel

Staff Present: Brent Lewandowski, Executive Director; Rachelle Howliet, Senior Health Benefits Specialist; Tonya Jackson, Health Benefits Specialist; Margaret Fahrenbach, Legal Advisor; Francis Gonzalez-Crussi, Senior IT Manager

Others Present: Dan Levin, Segal Consulting; Peter Kavanaugh, Segal Consulting; Jim Hogan, CVS Health ("CVS"); Kathrine Goerges, CVS; Michael Heck, CVS; Phil Bellezza, UnitedHealthcare ("UHC"); Julie Garfunkel UHC; Joe Bedrossian UHC

Chairman McFadden stated that there was a quorum of the Committee present at the meeting and that certain trustees had asked to participate remotely. It was moved by Trustee Richardson and seconded by Trustee Pray, pursuant to Section 7 of the Open Meetings Act, that the Committee allow trustees who were not able to be physically present at the meeting to participate remotely.

Vote Result: MOTION ADOPTED BY VOICE VOTE

Chairman McFadden asked if anyone present would like to address the Committee. There being no public comment, the meeting continued.

1. Review and Consideration of Approval of August 31, 2023 Health Benefits Committee Meeting Minutes

It was moved by Trustee Richardson and seconded by Trustee Pray that the presented minutes of the Health Benefits Committee meeting on August 31, 2023, be adopted.

Vote Result: MOTION ADOPTED BY VOICE VOTE

2. UnitedHealthcare 2023 Medical Plan Performance Review

Representatives from UHC reported that while the number of members covered by the Retiree Health Plan (“Plan”) decreased in 2023, the overall costs increased. Total costs for catastrophic illnesses such as cancer and infectious diseases decreased because the illnesses experienced by the members were less severe. However, the total number of claims for these conditions increased. Treatment for cancer was a top cost driver for the Plan. Claims for treatments related to hypertension, diabetes and intervertebral disc disorders were the most prevalent among the members. Visits to emergency rooms, urgent care facilities, physicians and outpatient surgeries increased, but inpatient care showed a decrease of about 1.3%. Claims for behavioral health issues such as depression increased by 5.3%.

The trustees discussed how the use of virtual visits impacted the members’ health care. UHC representatives advised that the Plan covered virtual visits with the members’ physicians. Upon request, UHC would provide a member with a physician in their network who had not seen the member previously and who was available for a virtual visit.

3. CVS 2023 Pharmacy Benefit Plan Performance Review

a. Medicare

CVS representatives presented a summary of the Medicare Prescription Drug Plan Administered through Silver Script. The gross cost in the prescription drug benefit for Medicare enrollees was \$65.8 Million which was an increase of 11.6% over the prior year. The gross cost was reduced by the Fund’s share of rebates, members’ premiums, copays, EGWP offsets and subsidies. The total net cost to the Fund was \$14.8 Million, which was 2.6% less than over the prior year. The costs for diabetes and cancer treatments were the Plan’s highest expenditures. CVS also provided a summary of the costs for specialty drugs by class and by drug names.

The trustees asked CVS to provide the number of requests by members for brand name drugs that were denied. They also inquired how CVS encouraged members to fill prescriptions by mail- in orders to reduce costs.

b. Non-Medicare

CVS representatives provided a summary of the Non-Medicare Prescription Drug Plan administered through CVS. The gross cost in the prescription drug benefit for Non-Medicare enrollees was \$17.9 Million, which was a 17.6% increase over the prior year. After deductions for member premiums, co-pays and rebates, the net cost was \$10.8 Million, which was an increase of 15.3% over the previous year. It was noted that about 250 members left the plan and that they generally had a lower utilization rate than the remaining members. It was also noted that the Plan had generous co-pay requirements when compared to similar plans whose co-pays were about \$30.00. CVS provided a summary of the costs for specialty drugs by class and by drug names to illustrate the utilization of the Plan's benefits.

4. Segal

a. Inflation Reduction Act Presentation

Brent Lewandowski, Executive Director, stated that federal legislation known as the Inflation Reduction Act ("Act") will have an impact on the prescription drug plans provided by the Fund. The Act will only affect Medicare enrollees and is not anticipated to impact Non-Medicare enrollees. Segal representatives stated that the Act will reduce the members' personal liability for prescription drugs, but will increase the Plan's liability. About 78% of the members covered under the Plan are Medicare enrollees. For the Medicare enrollees, there will be a \$2,000 annual out-of-pocket maximum. The shift from federal reinsurance to direct subsidy payments to members puts more risk on the Fund and less risk on Medicare. The Fund will receive less in Medicare subsidies and rebates. Overall, the costs to the members will decrease and the costs to the Fund will increase. The Fund will need to work with CVS to provide the members with the notices required by the Act regarding these changes.

b. 2023 Actual Health Plan Expenses vs. Budget Projections

Segal summarized the expenses that were projected for the Plan in 2023 and compared them to the actual experience. Generally, due to the decrease in the number of participants, the actual expenses were less than the projected expenses. The expenses were summarized for both Medicare and Non-Medicare enrollees.

c. 2025 Preliminary Gross Cost Increases

Segal presented preliminary projections for the 2025 rates for the Plan that would be discussed in more detail at another meeting of the Committee. The rates presented included the anticipated increase to the Fund due to the Act discussed earlier in the meeting. Segal also provided what the projected rates would be if the Act had not been implemented.

5. Old Business/New Business

The trustees discussed that members often individually conveyed to them the importance of the healthcare benefits administered by the Fund.

6. Adjournment

It was moved by Trustee Richardson and seconded by Trustee Marvel that the Health Benefits Committee meeting be adjourned.

Vote Result: MOTION ADOPTED BY VOICE VOTE