

January 2020 Newsletter

Executive Director's Report from Ken Cook

Dear MEUHP Administrator,

Finances: The first half of the plan year is now complete. We are in the process of reviewing expenditures and revenues in preparation for the renewal meetings coming up in the next few months. As always, I will address the financial condition of the program first. The MEUHP ended the month of December with \$4,107,896.95 in all bank accounts. This compares to November, with \$4,095,083.02 in bank accounts and October with \$4,088,000.00 in bank accounts. As expected, December was a heavy claim month with membership getting procedures completed before deductibles reset on January 1.



Our prescription claims continue to average about 20% of our total claims. Part of this expense is positive as the MEUHP provides a very nice preventive prescription benefit with over 200 drugs at no cost to members on health savings account plans. We received our third quarter 2019 prescription drug rebate (rebate) of \$665,479 from Cigna in December which helped us maintain our end of month balances. Rebates are a form of price concession on certain drugs paid by a pharmaceutical manufacturer. MEUHP receives the rebates on our member's eligible drugs from Cigna. We have already earned another rebate for the months of October, November and December, which will be paid to MEUHP in March. Based on our previous rebates and our current membership, I expect that we have earned approximately \$650,000 for the fourth quarter 2019 and we will continue to earn rebates for this current quarter.

2018-19 plan year assessments from the districts that chose to pay monthly continue to come in on time. Currently there are about \$550,000 in assessments left to receive before July 1. A few districts who were paying their assessments monthly have decided to go ahead and pay their remaining assessment.

Giving MEUHP member superintendents a monthly update seems to be the best method of reporting on the financial condition of our program. Because of the out-of-sync cycle of daily claims payment versus weekly premium transmittal from FTJ and what day of the week is at the end of the month, there can be some variability in our month ending balance. With that said, we need a standard way of reporting the financial state of the program and our month ending balance makes the most sense. As of 12-31-19, adding our cash on hand, Rebates earned but not paid and assessments still due, our assets were over \$5 million. This affirms that our Board's tough renewal decisions from last year were sound and we are making progress toward our goal of effectively managing our program's finances for long-term sustainability.

Renewal: Part of preparing for our July 1, 2020 renewal is to see how we have run for the past twelve months and especially the last six months. We also must factor in expected health and pharmacy trends for the coming 18 months. One of the things that we look at is our large claims. Overall our large claims have trended down from the 2018-19 plan year. We continue to buy very affordable stop-loss coverage to help protect our program against extremely large claims on individuals over \$750,000 during the plan year. The cost of this coverage is currently less than \$70,000 a month. Also, starting on July 1 at the affordable cost of 99 cents per month per member, MEUHP will also be purchasing protection on a few new, very expensive gene therapy drugs which can run over \$1M for treating / curing certain individuals with certain rare conditions. This new protection is being offered through the efforts of Cigna and their pharmacy benefit manager, Express Scripts.

The Board of Directors will be meeting just prior to the MUSIC meeting at the Lodge of the Four Seasons to receive pre-renewal information and data. Following that, date yet to be set, the Board of Directors will meet in late February to finalize rates for the plan year beginning 7/1/2020, which will be followed by Regional Meetings to provide you with your district's renewal information in person. In addition to the renewal exhibit that each district receives, it is my goal to break down the renewal into language everyone can understand. I also plan to attend all Spring Regional Meetings to present the information and answer your questions.

Membership Meeting: An Annual Membership Meeting is required by our bylaws to be conducted. For the past several years our Annual Membership Meeting has been held in conjunction with MUSIC, before that it was held in conjunction with MOASBO, before the MOASBO meeting was moved to a later month. Therefore, the Board of Directors has decided to move the Annual Membership Meeting to be held in conjunction with the spring MASA meeting. In the past this meeting is where any new members of the Board of Directors were installed who were voted on during the Spring Regional Meetings and the Board of Directors installed officers for the new plan year. Having the meeting in January is prior to the regional meetings and therefore new officers were not installed until the new plan year had already begun. Changing the Annual Membership Meeting back to the month of March will help with ensuring a smooth transition for the new Board of Directors and new officers.

Wellness Initiatives: Since my last newsletter, we have had several more districts schedule their Biometric Screening Event. I was especially glad to see that several of our smaller districts are now scheduled. We worked with Quest and Cigna to make the Biometric Screening Events available to all districts this year, regardless of size. As of January 14, approximately 80 districts out of 95 have scheduled or participated in an event since July 1, 2019. This is tremendous support for our program's investment in wellness for our member's benefit. If your district has not scheduled an event, please contact Daniel Puckett at Daniel.Puckett@cigna.com, or your FTJ Regional Director. You certainly do not want your employees to miss out on the financial incentives for completing their health risk assessment and biometric screening as well as their potential for personal awareness and health improvement.

I also want to remind you of our District Wellness Incentive Program. This straight forward program can allow your district to receive some nice wellness funds directly from Cigna. To learn more or find out where your district stands in qualifying, please contact Daniel Puckett at Daniel.Puckett@cigna.com, or your FTJ Regional Director.

Here is a current summary of districts moving toward qualifying for incentives:

- 36 Districts have reached the 60% participation goal in completing a biometric screening
- 23 Districts have reached the 60% participation goal in completing the health risk assessment
- 21 Districts have completed an education session

I hope that your new year is off to a great start and please do not hesitate to contact me if you have any questions.

Ken Cook, Executive Director
Missouri Educators Unified Health Plan, INC. (MEUHP)
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573-276-8717