

Operating Engineers Trust Fund of Washington, D.C. Health & Welfare Fund Local No. 77

Consultant's Report

November 14, 2023

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Agenda

- Financial Update
 - Projected vs. Actual
- CVS Utilization Review
- Delta Dental
 - Fee Renewal
 - Utilization Review
- Update on LaborFirst Implementation

Financial Update

- Financial Update through September 2023:
 - Total Revenue: 5.2% below projected
 - Total Contributions: 4.1% below projected
 - Investment Result: 32.7% below projected
 - Total Disbursements: 17.4% below projected
 - Benefit Expense: 15.9% below projected
 - Administrative Expense: 38.1% below projected
 - Net Assets in Months:
 - Current estimate (through September 2023): 22.5 (approximately \$30.5 million)

Projected vs. Actual

Operating Engineers Local 77 Trust Fund

Projected vs. Actual Results

For the Nine Months Ended September 30, 2023

	Projected Annual '23	Projected Monthly	Projected 1/23 - 9/23	Actual 1/23 - 9/23	Actual Monthly	Variance 1/23 - 9/23
Receipts						
Total Contributions	\$ 17,215,163	\$ 1,434,597	\$ 13,050,161	\$ 12,508,975	\$ 1,389,886	\$ (541,186)
Investment Earnings (net)	1,303,072	108,589	977,304	657,469	73,052	(319,835)
Total Revenue	\$ 18,518,235	\$ 1,543,186	\$ 13,888,676	\$ 13,166,444	\$ 1,462,938	\$ (722,232)
Disbursements						
Benefit Expense	\$ 17,015,883	\$ 1,417,990	\$ 12,761,912	\$ 10,738,012	\$ 1,193,112	\$ (2,023,900)
Administrative Expense	1,240,225	103,352	930,168	575,919	63,991	(354,249)
Total Disbursements	\$ 18,256,108	\$ 1,521,342	\$ 13,692,081	\$ 11,313,932	\$ 1,257,104	\$ (2,378,149)
Surplus/(Deficit)	\$ 262,127	\$ 21,844	\$ 196,596	\$ 1,852,512	\$ 205,835	\$ 1,655,917
<i>Estimated net months in reserve</i>				22.5		

CVS Utilization

Eligibility	Jan-Jun 22	% Change	Jan-Jun 23	Employer†	Peer*
Average Eligible Members Per Month	3,495	-3.2%	3,382		
Average Utilizers as % of Members	29.8%	-27.6%	21.6%	34.2%	32.8%
Average Member Age	40	-4.3%	39	36	38
Cost with Rebates**					
Total Gross Cost	\$2,475,727	-23.6%	\$1,891,872		
Gross Cost w/ Rebates**	\$1,805,119	-23.6%	\$1,379,887		
Total Net Cost w/ Rebates**	\$1,390,461	-18.4%	\$1,133,979		
Gross Cost w/ Rebates** PMPM	\$86.08	-21.0%	\$68.00		
Net Cost w/ Rebates** PMPM	\$66.31	-15.7%	\$55.88		
% Total Member Cost Share	16.7%	-22.4%	13.0%	9.7%	6.4%
% Non-Specialty Member Cost Share	25.5%	-2.2%	24.9%	14.2%	9.7%
Drug Mix					
% Single Source Brands	10.5%	-12.3%	9.2%	13.2%	12.1%
% Multi Source Brands	1.2%	-23.2%	0.9%	1.1%	1.1%
Generic Dispensing Rate	88.3%	1.8%	89.9%	85.7%	86.8%
Generic Substitution Rate	98.7%	0.3%	99.0%	98.7%	98.8%
Utilization					
Total Prescriptions	16,065	-40.6%	9,540		
% Retail Prescriptions	54.8%	21.6%	66.7%	80.0%	74.3%
% Mail Prescriptions	3.7%	-39.6%	2.2%	5.2%	7.3%
% Maintenance Choice® Prescriptions	41.5%	-25.0%	31.1%	14.8%	18.4%
Days' Supply PMPM	39.60	-48.5%	20.41	34.92	37.00
Specialty					
Specialty Total Gross Cost	\$1,112,552	0.0%	\$1,112,870		
Specialty Avg. Utilizers as % of Members	0.6%	5.2%	0.6%	1.1%	0.9%
Specialty Gross Cost PMPM	\$53.05	3.4%	\$54.84	\$83.12	\$74.07
Specialty % of Total Gross Cost	44.9%	30.9%	58.8%	48.6%	44.6%
Specialty % of Total Prescriptions	0.9%	69.5%	1.6%	1.6%	1.3%
% Specialty Member Cost Share	6.1%	-23.2%	4.7%	4.9%	2.3%

*Peer: Union

** Rebates represent client share of invoiced rebates (less: point of sale rebates) as of report run date of 08-17-2023 and may not reconcile with rebate guarantees or rebates paid to date.

Rebates included for this time period: 2023Q1 - 2023Q2. Prior period rebates include the same number of quarters as current period.

†Employer information is based on the most recent six months ending Jun 30, 2023.

- Net Cost w/ Rebates Trend: -15.7%
- 40.6% less prescriptions
- Overall membership dropped 3.2%, but utilizers dropped 27.6%
- Total Specialty Gross Cost remained the same: \$1.1M

Specialty Utilization

Your specialty utilization metrics

	Jan-Jun 22	% Change	Jan-Jun 23	Jan-Jun 23	Jan-Jun 23
Specialty Prescriptions	152	0.7%	153	Employer	Peer*
Specialty Rx as % of Total Prescriptions	0.9%	69.5%	1.6%	1.6%	1.3%
% CVS Specialty Pharmacy Prescriptions	92.8%	3.6%	96.1%		
Specialty Utilizers	42	-19.0%	34		
Specialty Utilizers as % of Utilizers	2.2%	3.8%	2.3%		
Average Age Per Specialty Utilizer	48.7	-3.9%	46.8		

Your specialty cost metrics

	Jan-Jun 22	% Change	Jan-Jun 23	Jan-Jun 23	Jan-Jun 23
Specialty Gross Cost	\$1,112,552	0.0%	\$1,112,870	Employer	Peer*
Specialty % of Total Gross Cost	44.9%	30.9%	58.8%	48.6%	44.6%
Specialty Net Cost	\$1,044,946	1.5%	\$1,060,931		
Specialty % of Total Net Cost	50.7%	27.1%	64.5%	51.2%	46.5%
Specialty Member Cost	\$67,606	-23.2%	\$51,938		
% Specialty Member Cost Share	6.1%	-23.2%	4.7%	4.9%	2.3%
Gross Cost Per Specialty Utilizer	\$26,489	23.6%	\$32,731		
Specialty Avg. Utilizers as % of Members	0.6%	5.2%	0.6%	1.1%	0.9%

*Peer: Union

Price inflation

5.7%

Utilization

-0.2%

Drug mix

-2.1%

Specialty
gross trend

3.4%

Delta Dental Renewal

Delta Dental Fee			
	Current	Initial Renewal	Negotiated Renewal
PUMPM Fee	\$3.75	\$3.86	\$3.75
Monthly Total	\$5,854	\$6,025	\$5,854
Annual Total	\$70,245	\$72,306	\$70,245

*PUMPM = Per Union Member Per Month

*Annual Total is based on September 2023 enrollment = 1,561 union members

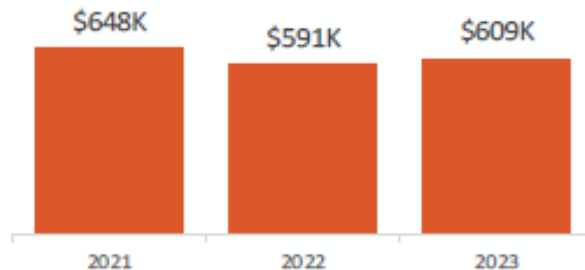
- Current fee was effective January 1, 2022 (2-year deal).
- Renewal fee is also a 2-year deal effective January 1, 2024 for both 2024 and 2025 calendar years.
- Delta Dental initially proposed a 3% fee increase, but after negotiation, they were willing to hold the current fee for 2 additional years.

Delta Dental: Claims Update

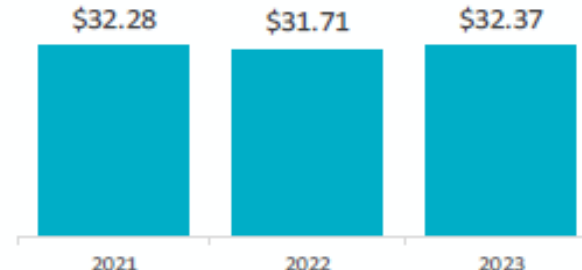
Paid Period: Oct 2022 - Sep 2023 compared to prior years

	Prior year		Current year	
Claims paid	\$590,514	89.5%	\$609,447	89.6%
Administration	\$69,126	10.5%	\$70,646	10.4%
Total expenses	\$659,640	100.0%	\$680,094	100.0%
Average primary enrollees	1,552		1,569	
Average total members	3,509		3,528	

Claims Paid



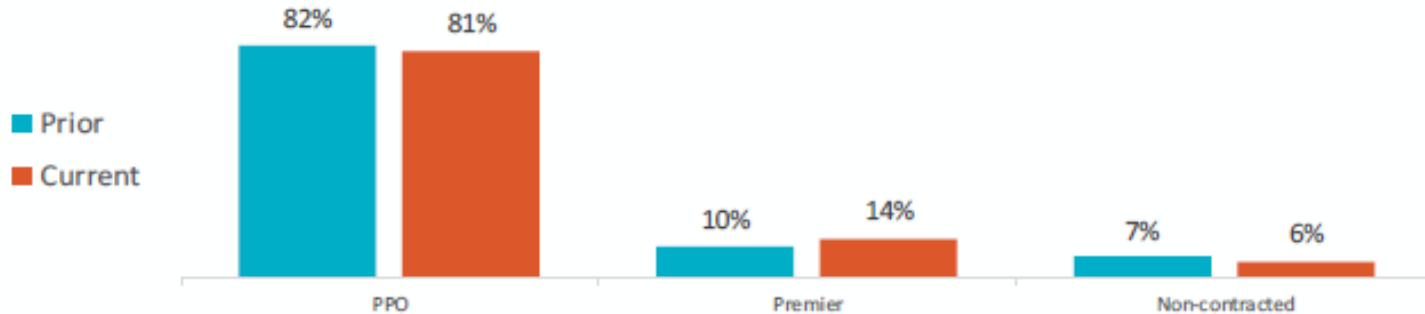
Paid PEPM



- The 2023 Paid Claims PUMPM has increased 2.1% but is only 0.3% more than the 2021 Paid Claims PUMPM.

Delta Dental: Network Utilization

% of Paid Amount



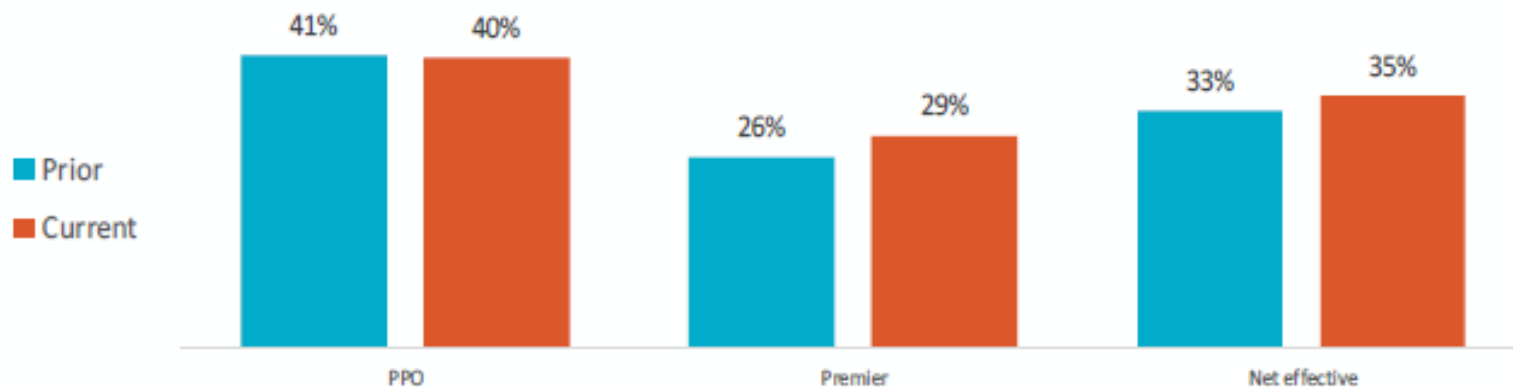
Network Utilization by Paid Amount

Network	Prior year	Current year
PPO	82.4%	80.7%
Premier	10.5%	13.7%
Non-contracted	7.1%	5.6%

- Both of Delta's PPO and Premier networks comprise their in-network providers.
- 94.4% of the dental paid claims are flowing through in-network providers in the most recent 12 months (Oct 2022 – Sep 2023). 92.9% were in-network in the prior period (Oct 2021 – Sep 2022).

Delta Dental: Provider Discounts

Provider Discounts



Current Year

	PPO		Premier		Non-contracted		Total	
Total submitted	\$1,757,318	100.0%	\$353,928	100.0%	\$218,631	100.0%	\$2,329,877	100.0%
Provider discounts	\$707,973	40.3%	\$104,404	29.5%	\$0	0.0%	\$812,377	34.9%
Other savings	\$209,799	11.9%	\$27,000	7.6%	\$52,038	23.8%	\$288,837	12.4%
Plan pays	\$474,653	27.0%	\$80,484	22.7%	\$32,783	15.0%	\$587,920	25.2%
Patient liability	\$364,892	20.8%	\$142,040	40.1%	\$133,810	61.2%	\$640,742	27.5%

- 85.9% of the dental submitted charges are flowing through in-network providers in the most recent 12 months (Oct 2022 – Sep 2023).

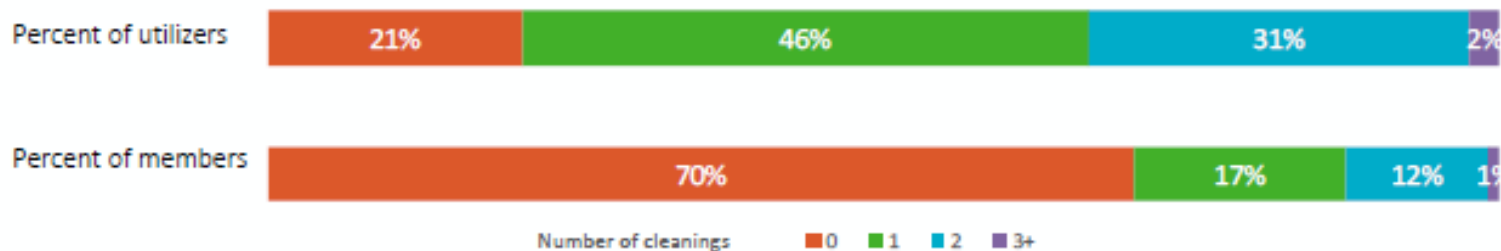
Delta Dental: Cleanings

Submitted Cleanings by Unique Members

Cleanings	Prior year		Current year	
No utilization	2,510	62.4%	2,484	62.6%
0*	282	7.0%	306	7.7%
1	680	16.9%	683	17.2%
2	506	12.6%	458	11.5%
3+	42	1.0%	37	0.9%
Total	4,020	100.0%	3,968	100.0%

*Procedure count of 0 represents enrollees who utilized procedures other than cleanings.

Current Year



- 70.3% of the Local 77 membership did not have a dental cleaning in the current period (Oct 2022 – Sep 2023).

LaborFirst Update

- Weekly implementation calls with LaborFirst, Associated Administrators and Bolton.
- Communication materials and 2024 Aetna ID Cards to be mailed shortly.
- 2024 Premium Rate to be lowered by \$2.00 PMPM (per member per month):

Aetna MAPD Premium		
	2023	2024
PMPM Rate	\$230.90	\$228.90
Monthly Total	\$124,686	\$123,606
Annual Total	\$1,496,232	\$1,483,272
% Difference		-0.9%
\$ Difference		(\$12,960)

*PMPM = Per Member Per Month

*Annual Total is based on 540 members

- 2024 benefits to remain the same as current.