

PROCEEDINGS
OF THE
Board of Trustees
OF THE
**Public School Teachers' Pension and
Retirement Fund of Chicago**

**Health Insurance Committee Meeting – Official Report
Friday, May 5, 2023**

A Health Insurance committee meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held Friday, May 5, 2023.

The Chair, Ms. Mary Sharon Reilly, called the meeting to order at 9:32 a.m.

Board Meeting Audio/Video Conferencing during COVID-19

Chairperson Reilly stated that due to the COVID-19 pandemic and pursuant to Public Act 101-0640, which amended the Open Meetings Act to allow for remote meetings when certain conditions are met, CTPF is holding this meeting by audio-video conference.

ROLL CALL

Committee Members Present: Ms. Lois Nelson, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez – 3

Non-Committee Members Present: Mr. Jeffery Blackwell, Dr. Miquel A. Lewis –2

Also in attendance were Mr. Carlton W. Lenoir, Sr., (*Executive Director*), Ms. Carolyn Clifford of Ottosen DiNolfo Hasenbalg & Castaldo, Ltd. (*Board Counsel*), Ms. Jenn Pentangelo (*Director of Benefit Services*), Ms. Carrie Berkich (*Health Insurance Manager*), Ms. Maria Garcia (*Counsel*), Mr. Daniel A. Levin and Ms. Sadie Zarnoth, (*Segal Consulting*), and various observers and staff members.

APPROVAL OF MINUTES

Motion to Approve the February 21, 2023, Health Insurance Committee Meeting Minutes, Failed

Ms. Reilly made a motion, seconded by Ms. Nelson to approve the February 21, 2023, Health Insurance Committee Meeting minutes. The motion failed by the following roll call vote:

Ayes: Ms. Reilly – 1

Nays: Ms. Rodriguez – 1

Abstentions: Ms. Nelson – 1

Ms. Carolyn Clifford, Board Counsel, stated that February 21, 2023, minutes will be approved at a later date.

Pharmacy Benefits Manager (PBM) - Finalist Presentations

Representatives from CVS Health and Express Scripts presented to the Committee. Each firm reviewed information related to its organization, services, firm diversity, and fees. They each addressed questions raised by the Committee.

Pharmacy Benefits Manager (PBM) RFP Analysis & Recommendation - Segal Consulting

Mr. Dan Levin, and Ms. Sadie Zarnoth, Segal Consulting, presented to the Committee the analysis and recommendation. Mr. Levin stated that Segal, on behalf of the Public School Teachers' Pension and Retirement Fund of Chicago (the Fund), solicited proposals from Pharmacy Benefit Managers (PBMs) to manage the Fund's prescription drug benefits. The RFP requested self-funded contract proposals reflective of a 3-year contract term, beginning January 1, 2024. The objective was to secure market-competitive financial and contract terms for the self-funded Medicare Part D employer group waiver plan (EGWP), while maintaining a high level of quality relative to the benefits and services. Segal received and reviewed six proposals with the CTPF evaluation team. The Segal and CTPF internal evaluation team eliminated four PBMs based on financial competitiveness, contract terms and the relatively small number of clients and lives they currently cover.

CVS Health (CVS) and Express Scripts (ESI) were selected as finalists. CVS has 231 EGWP clients covering about 1.3 million lives. Express Scripts Inc. (ESI), the incumbent and a wholly owned subsidiary of Cigna Corporation, currently has 1,364 EGWP clients covering about 1.5 million lives. Proposals were evaluated using the following criteria; overall costs to the Fund and its members, demonstrated ability to manage drug mix, strength of the pharmacy network, formulary disruption and member service. Mr. Levin and Ms. Zarnoth addressed questions raised by the Committee.

Ms. Carrie Berkich, CTPF Health Insurance Manager, presented the Board Action Request for Pharmacy Benefits. She stated that on August 17, 2022, the CTPF Board of Trustees approved an advertisement of a competitive bid solicitation, Request for Proposal (RFP) from all available Medicare Pharmacy Benefit Managers (PBMs) in Employer Group Waiver Plans (EGWPs). Segal Consulting (Segal) was authorized to manage the RFP on CTPF's behalf for the calendar years 2024 through 2026. The Fund currently offers prescription drug coverage to approximately 14,100 Medicare eligible annuitants and spouses through Express Scripts (ESI). The PBM proposals were evaluated based on a number of factors including the overall value to the Fund and its members, demonstrated ability to manage drug mix, strength of the pharmacy network and formulary flexibility and disruption.

Ms. Berkich stated that the committee concluded that while both finalists made strong financial offers, the account service model offered by ESI is a better fit for CTPF and its members, as evidenced by a 95%-member satisfaction rating. In addition, it was determined that selecting CVS would cause significant disruption for the enrolled membership, based on the formulary offered. Therefore, the evaluation committee deemed the proposal from ESI to be in the best interest of the Fund, in terms of service, continuity and overall value. Staff recommended that the incumbent, Express Scripts Inc., be approved for PBM services for the 2024 to 2026 plan years, effective January 1, 2024. Ms. Berkich and Ms. Pentangelo addressed questions raised by the Committee

Motion to Approve Express Scripts for Pharmacy Benefits Services, Approved

Ms. Reilly made a motion, seconded by Ms. Nelson, that the incumbent Express Scripts be approved for Pharmacy Benefit Services for the 2024 to 2026 plan years, effective January 1, 2024 and to be approved at the next full Board meeting.

The motion passed by the following roll call vote:

Ayes: Ms. Nelson, Ms. Reilly, Ms. Rodriguez – 3

Medicare Plans Finalist Presentations

Representatives from Cigna, Humana and United Healthcare presented to the Committee. Each firm reviewed information related to its organization, services, firm diversity, and fees. They each addressed questions raised by the Committee.

Medicare Plans RFP Analysis & Recommendation- Segal Consulting

Mr. Dan Levin presented the Medicare Plans Analysis and Recommendation to the Committee. Mr. Levin stated the Fund requested that Segal conduct an RFP process in order to evaluate the competitiveness of its current Medicare Advantage (MA)-PPO and MAPD HMO plans against offerings of other carriers within the market. The Fund also requested that Segal obtain proposals for a fully-insured Group Medicare Supplement plan, designed to mirror Medigap Plan G. This would be a new offering to members who became Medicare eligible on or after January 1, 2020. The only cost-sharing under this plan is the Part B deductible. The current individual AARP Medigap Plan F through UnitedHealthcare (UHC) is not part of this RFP process and will remain in place. The RFP asked each bidder to provide proposals that match the current MA-PPO and MAPD HMO benefits, along with the new Group Medicare Supplement Plan G (Med Sup G) offering, for an effective date of January 1, 2024, on a fully-insured group basis. Segal received and reviewed proposals from five carriers along with the CTPF evaluation team. The Segal and CTPF internal evaluation team eliminated two carriers based on financial competitiveness and incompatible plan offerings, Mr. Levin presented an analysis of the most competitive financial offers and then addressed questions raised by the Committee.

Ms. Jenn Pentangelo, Director of Benefits, presented the Board Action request for Medicare plans. She stated that on August 17, 2022, the CTPF Board of Trustees approved an advertisement of a competitive bid solicitation, Request for Proposal (RFP) for the existing Medicare Advantage PPO, Medicare Advantage HMO and a new group Medicare Supplemental Plan. Segal Consulting (Segal) was authorized to manage the RFP on CTPF's behalf for calendar years 2024 through 2026. The objective was to secure market competitive financial and contract terms for CTPF Medicare Advantage Plans and a new group Medicare Supplement Plan. The RFP required bidders to match the current plan design of the existing CTPF Medicare Advantage PPO and Medicare Advantage HMO plans. The proposals were evaluated based on a number of factors including plan design, overall value to the Fund, member, service, disruption and provider gaps to CTPF members, Medicare star ratings and reporting capabilities. Ms. Pentangelo stated that staff recommended that the following carriers be approved for Medicare services for the 2024 to 2026 plan years, effective January 1, 2024:

- Medicare Advantage PPO: UHC (incumbent)
- Medicare Advantage HMO: Humana (incumbent)
- New Group Medicare Supplement: Cigna (rate is guaranteed for 2024 only)

Mr. Carlton Lenoir, Executive Director, and Ms. Pentangelo addressed questions raised by the Committee.

Motion to Accept the Recommendation to Approve Medicare Services for the 2024 to 2026 Plan Years, Approved

Ms. Reilly made a motion, seconded by Ms. Nelson, to accept the recommendation to approve Medicare services for the 2024 to 2026 plan years to be approved at the next full board meeting.

The motion passed by the following roll call vote:

Ayes: Ms. Nelson, Ms. Reilly, Ms. Rodriguez –3

Motion to Adjourn, Approved

Ms. Reilly made a motion, seconded by Ms. Rodriguez, to adjourn the meeting.

The motion passed by the following roll call vote:

Ayes: Ms. Nelson, Ms. Reilly, Ms.. Rodriguez – 3

The meeting adjourned at 12:32 p.m.