FIRE AND POLICE DISABILITY AND RETIREMENT BOARD OF TRUSTEES MEETING	**MINUTES**

This meeting was held remotely via a Zoom webinar platform.

Date and Time: December 19, 2023, at 1:00 p.m.; Meeting adjourned at 1:35 p.m.

Board Members Present:
Catherine MacLeod (Board Chair); Christopher Kulp (Police Trustees); Kyle MacLowry (Fire Trustee); Tom Kramer (Citizen Trustee)

Also Present:
Sam Hutchison (FPDR Director); Stacy Jones (FPDR Deputy Director/Finance Manager); Kimberly Mitchell (FPDR Claims Manager); Julie Hall (FPDR Legal Assistant); Franco A. Lucchin (Sr. Deputy City Attorney); OpenSignal PDX

Motions Made and Approved:

- Motion by Trustee Kulp that was seconded by Trustee MacLowry and unanimously passed (4-0) Resolution 551 authorizing Director Hutchison to negotiate and enter into a contract with Majoris Health Systems in an amount not to exceed $450,000 for a five-year period. (Action Item No. 1)

A text file produced through the closed captioning process for the live broadcast of this board meeting is attached and should be considered a verbatim transcript.

Fire and Police Disability and Retirement

By_____

Sam Hutchison
FPDR Director

CLOSED CAPTIONING FILE

[Captioner on standby]

Director Hutchison: Today's meeting covers only one topic, the Majoris MCO contract. You will not approve the November board meeting minutes. This will be done in the January meeting. There's no general introduction, and we didn't open it up for visitor input. They can, but nobody, I think, has signed up for the actual item itself. So, it's just strictly we're looking over it, and I'll turn it over to Kim in a minute and we'll go through the resolution and then just a quick discussion of future board meetings. So Catherine, it's up to you. Go for it.

Chair MacLeod: Ok, we'll officially now convene the December 19th meeting of the Board of Trustees for the Portland Fire and Police Disability and Retirement Fund. You already commented about visitors, unless there is somebody that surprises us at the last minute, let me know, and I'll assume there's nobody to introduce. Okay, let's go on to the action item then. Sam, I assume you and Kim will take this item.

ACTION ITEM NO. ONE – MAJORIS HEALTH SYSTEMS CONTRACT AUTHORIZATION

Director Hutchison: Yes, I'll defer to Kim and add some color to her comments occasionally.

Kim Mitchell: Thanks Sam. I appreciate that and thank you all for joining us today for this very brief but special board meeting. Our objective today is to have you adopt Resolution 551, which will permit FPDR to enter into negotiations within a contract with Majoris MCO to provide occupational healthcare services to our plan members. We shared with you at the prior board meeting that Managed Healthcare Northwest closed their doors December 1st. That left a big hole in the providers who our members would have access to, to treat their injuries and illness, occupational disability claims. So what we'd like to do is replace it. We do have an existing MCO with Providence and Kaiser, but the purpose of adding a third MCO is to provide a broader pool of providers for our members to select and use following injury. So that's what we want to do today, and what we provided in the board materials was just a little bit of information. And I'm just going to skip around just quickly and start with the Exhibit B, which is a statement of work, because this is a foundation of what we want our managed care organizations to do for us. When we're looking at Majoris MCO, what we want them to do is first provide us access to a contracted panel of medical providers to provide treatment, occupational healthcare services treatment, to our plan members. That incorporates a lot of work on their end, and so what they're doing with that panel of providers, and there are 2,000 providers throughout Oregon. The majority of their providers are in the Portland metropolitan area, but different than MHN, they do have providers from coast to coast, from the upper North corners of Oregon to the Southeast corners, and so for those few members that we have who are outside that Portland metro area, access to treatments is going to be greater with the Majoris MCO.

So what we want them to do is provide utilization and quality management services. That means they're going to oversee the providers who are on their panel and make sure that as they're treating our members, they're using industry best practices for treatment, that they are working to make sure that the treatment moves along. That they are also championing recovery and return to work following an injury. So that's kind of the basic of it. But what the MCO also does provide for us is a physician advisory council and clinical case managers. And they're just a panel of providers who we will go to if

there are any concerns about the treatment a provider has given to a member, or even if a member has concerns, either way. If there's a concern with treatment or how things are going with recovery, we will look to those physician advisories and clinical case management nurses and services to help resolve that, and sometimes they help us deal with newer treatment, more experimental treatment to give us guidance on what that will like for our members. They also validate the appropriateness of a care plan, and they do effective management of disability duration. Again, our goal with any injured member is to see that they get back to work as soon as possible. So we want our physicians and panel to align with that goal, and make sure that treatment is heading that way. We don't want to rush it; we want full recovery. These folks have heavy jobs as firefighters and police officers. So it's not a matter of rushing that treatment but just making sure the treatment is moving along to promote recovery and return to work. We want them to support our light-duty program and most of our MCOs see light duty as treatment, in a way, because it does get the members up and out and moving on through their disability. So, we want dedicated case managers so that they work with our staff, become very familiar with our plan and how we work, and we want them to meet with us regularly or when we need that. And again, I mentioned this, assist us with facilitating early return to work, a really important part of that. And the other thing is we want them to adhere to the Oregon fee schedule. This is where we get our biggest discount in treatment cost, is by applying the Oregon fee schedule and we want those providers to be aware of that and utilize that.

So, the one through seven above is kind of the broader picture. On a claim-by-claim basis they do disability prevention consultations, and these are for cases where members' treatment has stalled for some reason. You know, they reached a point where we're just not seeing things move along. That's when a panel of physicians will come together and talk about the case, go over it with the doctor. The doctor who will, in turn, go over that with the member and say, what can we do to get this moving? So those services are something that we like to use. Dispute resolution services doesn't happen often, but there are times when we have concerns, or maybe even the member has concerns about a treatment that's being proposed. We want to make sure there's a way to address that within the MCO so we can move that treatment along. The downside of not having an MCO is that any treatment disputes or concerns have to be addressed through the legal system, and that's just not a best practice way to address a treatment issue. Often the judges and people involved in those processes aren't thinking about best treatment practices. So, we want to make sure that any disputes that we have are resolved by people who are training the physicians who are trained in treatment of occupational injuries and illnesses and can address the necessity and appropriateness of care.

So, another service that's important to our members is a credentialing or certification of non-MCO providers. Occasionally, a member will treat with somebody or will have had a relationship with a provider who has started care and they want to continue that care with that provider. Now we do require that members transition to the MCO upon claim approval, but there are times where that continuity of care, we don't want to break that. So, the credentialing process that the MCO will allow is for that doctor to carry through. We see this typically in our catastrophic injury cases or where a member is severely injured, and the doctors who has provided that care up to claim approval, we want them to stay on as doctors just to continue the continuity of that care.

So then we have precertification of medical services. This is something kind of where we live and breathe on the daily basis, and that's precertification of imaging, or durable medical equipment, surgeries, injections. Anything that is not your standard, everyday care, they will precertify that to

make sure it's reasonable and necessary, make sure it's intended to promote recovery. So we use those services quite a bit, and we do like the concurrent in-patient hospital service reviews. If we have a member who has had that catastrophic injury, we want our MCO to be on it, to look at it and to give best practice guidelines, to work with the doctors who are treating and make sure that, you know, we're containing costs, but cost is always second to making sure that we give the members the best care possible. Let's see. We've got item G, which is perspective, concurrent. Under that, they're just looking at our claims and treatment from all angles. What's happening in the future? What's happening right now? Are we using just the best practices to promote the members recovery and ultimately, their return to work.

And then finally, with all that they are doing, we also want them to adhere to our rules. They're there for a reason, and we want them to follow those rules and use the forms and things that both we use internally for administering the claim and with the bureaus. So the work status report is a report that our members give to the attending physician, or to their doctor when they are first injured, and that report is completed to tell us about their condition. Can they work light duty? What is the projected duration of time off for the injury? So that form is helpful, not only for us in guiding payment of benefits for the claim, but also the bureaus. They use that for staffing and transitional duty assignments, so we want them to use our forms for that purpose.

So, the MCOs provide a breadth of services for us, and this statement of work is the basics we want them to provide as we enter into contract negotiations with Majoris. They may have some additional services that we think would be helpful and we would want to look at that as well, but this is the basic services they would provide in a benefit to us contracting with them. Any questions on the statement of work?

Chair MacLeod: Trustee Kramer, you had initially submitted a question. Do you want to ask that now?

Trustee Kramer: A comment about the statement of work, and the comment about that specifically was I thought that was really well written. I thought it was thorough, clear, and detailed and well done. I had a couple of questions about Majoris generally, but not specifically, about the statement of work.

Chair MacLeod: Do you want to go ahead with that? Is this a good time for that, Kim?

Kim Mitchell: Sure, absolutely.

Trustee Kramer: Kim, I have two questions for you. One you know, and that is, we think that Majoris will be heavily used according to the materials you circulated. I want to know what you think about that. I'll hold my other question if you want to address that one.

Kim Mitchell: Sure. So, Managed Healthcare Northwest was the most used MCO. We have Providence and Kaiser, typically our members will select the panel that aligns with their personal healthcare plan. The majority of our members went with the Legacy MHN Caremark plan, and so we assume that majority is going to continue. That's really it, we think most of them will sign on. They have a broader panel of providers, and the other two MCOs don't have some of the providers that our members like to go to. So, we already know that Majoris has some of the providers that our members prefer to treat with, so that's an add. We won't have to move many of them away from the MCO. Well, MHN is

closed, but they will be able to continue care with the providers they currently selected. Does that help you?

Chair MacLeod: I'm going to piggyback on that question. I think you answered mine, which was, someone doesn't have to be enrolled in Kaiser for their personal healthcare to choose a Kaiser physician for their occupational disability? They could choose that, but you're saying it tends to be more common that whatever system of provider you're using on your personal side, you tend to want to go with?

Kim Mitchell: Correct.

Chair MacLeod: Okay.

Kim Mitchell: Correct. And they do occasionally select outside of their PPO, but generally they follow that pattern.

Chair MacLeod: Okay, thank you. Tom, I'm going to jump in, Trustee Kramer, I'm going to jump in with another question, not knowing what yours was. I'm curious, it sounds like Majoris is a larger organization than MHN was, do you have a sense of where, at least in Oregon, where FPDR fits in, in terms of size of client? Are we on the larger end of their clients, or smaller? Just to get a sense of the priority service they'll be giving to our members.

Kim Mitchell: I think we're smaller because they have SAIF, which is a major insurance carrier here in Oregon. They've got SAIF and some of the other larger insured and self-insured plans. But they've got a good reputation for attention to detail with each of their clients and so we expect that level of service, even though we're small. And we were small relative to their other clients, and we were with all the MCOs.

Chair MacLeod: Okay.

Kim Mitchell: That holds true with MHN, Providence and Kaiser.

Chair MacLeod: And because you mentioned SAIF as a client, my follow up question was their experience in working with safety employees, police and fire. It sounds like if they're working with SAIF, they undoubtedly have many industrial clients.

Kim Mitchell: Yes.

Chair MacLeod: Okay. All right.

Director Hutchison: A quick follow-up to who their customers are. The City of Portland Risk Management handles workers comp for all the non-fire and police employees. They're finishing up their contract with Majoris. We chose to go our own route because we're a different plan with different expectations. And we didn't want to get lost in the city's contract and wanted our own.

Chair MacLeod: Okay, so from that sense, City of Portland and FPDR, we get to ride the coattails of the

larger employer city of Portland with Majoris. Obviously, they'll want to make sure they give excellent service to FPDR if for no other reason than to make sure they're seen in a good light by the city of Portland, I presume.

Kim Mitchell: Absolutely, and I would dare say we're probably going to use them more even than the city.

Chair MacLeod: Okay.

Kim Mitchell: More broadly, just by nature of the types of injuries, and the demands of our firefighters and police officers.

Chair MacLeod: Trustee Kramer, you had another question and I stole your time there.

Trustee Kramer: No. I think it's actually tangentially related to what you were all just talking about. In the negotiations with Majoris, Kim and Sam, were there issues on which we were not successful or were there concessions that we did get that would be helpful for us, as trustees, to know about?

Kim Mitchell: You know, we haven't actually entered into contract negotiations formally yet. We wanted this resolution and permission to do so first. But what we expect, because I have been in communication with them for months now, and what we expect is that I don't think there will be any real surprises in terms of what we want and the services they're going to provide. These are pretty universally known services for managed occupational healthcare. I don't expect any surprises, but we'll see.

Director Hutchison: I don't want to downplay all the prework that Kim has done. We decided, even though we haven't formally done the negotiations, we've probably done 90% of the work for the negotiations. So, we're moving into it. So the statement of work is not a surprise with them and then you'll go to appendix A for the fees, they're not a surprise for us. There may be some fine points as we go through. Usually what happens with negotiations, too, there's a lot of boiler plate wording that gets put into it.

Kim Mitchell: Yes.

Director Hutchison: And that, we like to hold a little bit toward the end, so we get the major statement of work and costs agreed to. Then the attorneys on both sides go back and forth on the boiler plate issue and our procurement department helps us with those negotiations, and there may be a few decisions to make. They usually aren't material, but sometimes they can draw out the process. But we've got them pretty much accepting the statement of work and the fees at this point. Again, negotiations will firm that up and then get the boiler plate wording to them and have the attorneys dig through it from both sides to get that resolved.

Kim Mitchell: Thanks for adding that Sam. Next, we'll look at Exhibit A, which is our cost projections for the five-year terms that we usually have with our managed care providers. And this is just based on a few assumptions because we never really know until they've entered into the, until they've enrolled, and we've got a couple of years' experience. Our calculations for fees with Majoris is more closely

aligned to that of Providence and Kaiser in that they charge a per member enrollment fee and that's how they charge for services. MHN had a percent of savings that they had negotiated with their doctors, so it was a very one-off, unique way of doing things. This one brings us more in line with, again, a per enrollment type charge. So what we did here, and with the help of Stacy, I want to shout out to her with that, our numbers are very close, which is very good. What we did was used a projected number of claims for fiscal year 2023 and then for the half year 2028-2029 because we're already through part of the fiscal year. We used the average number of annual claims in the five years preceding the pandemic. The pandemic years were this one-off and the majority of claims during that time didn't require medical services, so we didn't want to use that in our numbers. But what we did with getting the average, which we have here at 344 claims, is then we made an assumption about usage. How many of our members will enroll in the Majoris MCO? 70% is our best assumption based on prior enrollment with MHN. And then we assume that the enrollment fees will increase by CPI each year. This is from their price sheet, they had put that it would increase so those are safe assumptions. And then we rounded up, just to allow for a higher claim volume, higher Majoris enrollment or higher inflation, any of those factors that can change these numbers. These are best estimates for now. We probably will need a year or two to really tell what our costs will be. In years past, we've had to adjust the contracts a little upward, because higher utilization means we're going to have more cost. And that's not a bad thing, it just means that our members are getting the services they need following an injury. So, this is what we have at $450 million would be our NTE for this contract. Any questions on that?

Director Hutchison: Just to clarify, the NTE is not to exceed.

Kim Mitchell: Yes.

Director Hutchison: This will be written into the contract for five years coverage, this will be the max amount that we can pay. We won't pay it, it's only based on usage. This isn't going to be we're going to throw $450 million at them. We're going to use this formula here that Kim has shown and after a couple of years, we'll evaluate, see if there's more usage or some other assumptions that are incorrect. We have with MHN, a couple of times, come back to the board asking for an addition to the not to exceed. I think we'll need to have two or three years under our belt before we'll want to come back and discuss this pricing with the board. At that point, we'll only do that if we expect the five years to exceed $450 million. But we won't know, like Kim said, for a couple of years, two or three years, if we're off on our estimates at this point or the usage changed more than what we have put here on this chart.

We also have one additional thing that's happening that could put some stress on to these numbers is that both police and fire, or at least police, are going to increase the number of covered members. That's one of their goals. That could give us some numbers coming up that we haven't anticipated and we may see the same thing for fire. As number of covered employees under our plan increase, you may see an upward trend in the number of claims, which will put this here. Again, we won't see that for a couple of years but those are some of the stressors that could happen to push this up above the numbers. This is based on what we have for the assumptions now, Stacy, Kim and I have all looked at this and agree that the $450 million is a very reasonable target for a not to exceed amount for a five-year contract.

Kim Mitchell: Any additional questions?

Chair MacLeod: It's sounding like perhaps no more questions so with that, I'll entertain a motion for us to approve Resolution No. 551 as drafted.

Trustee Kulp: I'll make a motion.

Chair MacLeod: Do we have a second?

Trustee MacLowry: Second.

Chair MacLeod: Thank you. All those in favor?

Trustee Kulp: Aye.

Trustee MacLowry: Aye.

Trustee Kramer: Aye.

Chair MacLeod: Aye. Thank you. Opposed? All right, the resolution passes.

Kim Mitchell: Thank you, all.

Chair MacLeod: Thank you very much, Kim. That was easy to follow.

Kim Mitchell: Great, thank you.

Director Hutchison: We will share a copy of the entire contract when it is signed with you so you can see that, and you should see the statement of work will be in it as well as the cost. The cost may be stated differently, but the NTE of $450 million will be in the contract because that's what you've approved right now. So we'll make sure all the fees fit within that scale over the next five years given our present assumptions.

Chair MacLeod: Thank you. All right should we go to the next information items, which is just upcoming meetings?

INFORMATION ITEM NO. ONE – FUTURE MEETING AGENDA ITEMS

Director Hutchison: Yes, just upcoming meetings. So, in January, we have on here we're going to adopt the budget so Stacy will present the budget. She'll go over the new process for how we're doing the budget due to the organizational changes demanded by the charter and how the city is going to meet them. Action item B, we've just done that so that won't be on there. Then we will have for information items, the actuarial standard of practice memo from Lorne Dauenhauer. He's drafting the memo now and we'll send that out before the meeting, and then he can discuss it during the meeting. I will do a disability pension review and take two hypothetical employees, one a city of Portland firefighter or

police officer and then we'll take one who is a police officer in a PERS covered employer, not the city, and just compare the two how they work so you can get the feeling of how the two plans work.

We'll discuss the administrative rule amendment process because we're going to present you some rules for approval in March so we'll discuss what the process is, and we may do the FPDR strategic plan review. We'll see how much time this takes at this point. We can push that off, that's tentative at this time. There is one thing here also, in early February, the legislative session, state legislation begins. So, you will get a legislative update from me in January. I hope by that time I should have a good idea of any bills that impact PERS or workers' comp that will be presented. I'll give you an update on that. That's that time for next meeting unless you all had some changes to that. Then in March we'll do the annual adjustment review of the COLA, this will be for the FPDR 2 plan. Stacy will present this, and she'll also explain how COLA is done for FPDR 1, and then FPDR 3, we'll give you a recap of what PERS does for them.

We'll do the administrative rule changes and then we don't have any other info items other than our usual FPDR updates and expenses to go over at that time. In May, we have the follow-up, if necessary, for the COLA. Again, some years in the past we took two meetings and that's why we start this discussion in March. We'll have tax anticipation notes and then no other information items are determined at this time. And then we had, these were on your list to do, discussion of forming a committee to review the FPDR 2 pension plan, soliciting a study to compare the FPDR disability program to Oregon workers' comp. We'll do a board handbook review because we will be sending the update out here early next year, and then impact of the unionization of FPDR staff. Just a quick one on that, they are formally starting their union things on the city of Portland of professional workers and the city will start their negotiations in January so we'll only do this once that contract is approved, then we can tell you what that is. So this will be open, there's no set date except when the contract is done.

So, I don't know if you have any questions or ideas for the January meeting. Again, what you see here, 1 B we've taken out because we just did that. 1 D we may push off, that's just the plan review and we'll replace that with a legislative update for the 2024 short session.

Chair MacLeod: Okay. My sense is that the January meeting looks pretty full as is. So, do any of the other trustees, do you have thoughts about some of those future meeting topics? Do you have a preference for them being inserted in March or May's meeting at this point, or do you want to wait until next month's meeting to make some suggestions?

Trustee MacLowry: I don't have a feeling about it either way at this point.

Chair MacLeod: Okay. Well Sam unless you have concerns. I mean, it strikes me that your comparative examples of the disability pension benefits might be nice for us to hear before we think about, you know, then logically, discussion items one and two for future meeting topics might fit in March or May after we've kind of heard from you on that.

Director Hutchison: Okay.

Chair MacLeod: If you other trustees are comfortable with that, that would be my suggestion, okay. All right.

Stacy Jones: Chair MacLeod, can I just chime in a little bit on the budget just to give everyone a heads up? It's always a tight timeline to get the board, we always try to get you the official budget documents that that we'll turn in to the city budget office and city council so that should you stumble across them they won't look completely unfamiliar to you, but this year it will likely not be possible because they've pushed all the deadlines back for the city-wide budget process as we're undergoing this charter transformation and they're regrouping us into service areas, none of which is really going to impact our budget. It will just sort of impact the process, the formatting, and how things get put together. It doesn't sound like we'll even be able to be in the software systems until pretty close to the board meeting. So, what we're going to give you will be, we're going to try to mock something up that looks at least somewhat like what we've given you in the past, and my presentation to the board will look very similar to what it's looked like in the past. But I just wanted to give you a heads up that the documents won't look quite the same as they did in the past because we won't have access to them at the right time this year.

Chair MacLeod: Thanks for that heads up. I'm sure it's much more frustrating for you than it will be for us.

Stacy Jones: It's a wild time at the city, but you know. They like to change the budget process every couple of years anyway, so it's not like we haven't lived through this before. We haven't lived through this exact thing.

Chair MacLeod: Any other information items for today?

Director Hutchison: We have one thing here and thank you, Tom, for remaining. I wanted to acknowledge the passing of Del Stevens. He was quite a fixture with the FPDR bureau as well as the board, and extremely involved, as you saw. In the early 1990s, late 1980s, he was on the board of trustees, and he kept in touch with the board and contributed a lot of information and a lot of opinions and ideas he had for improving the plan. And I want to thank him for always looking out for our members, always thinking the best of the members, and making sure they got what he felt they needed and provided for them by the FPDR plan. Sometimes he and I had differences of opinion, but he was always extremely professional in how he did that. He was very professional with the staff and was always very helpful. Again, I wanted to thank him very much for his care and concern for the members and the support for the FPDR plan. He will be missed. He's been a fixture since I've been here. He and I have had many discussions as well as the staff and as well as the board with him, and I had anticipated more further discussions with him this year and in the future about his desire to add additional benefits and caring for our retirees. So, he will be missed, definitely.

Chair MacLeod: Absolutely, thank you, Sam. Unless there's anything further then, I'm going to adjourn our meeting. Everyone has a lovely holiday season. I look forward to seeing you all again in January.

Director Hutchison: See you all later.

Kim Mitchell: Thank you, you as well. Happy holidays.

Stacy Jones: Bye.