COMMITTEE ON HUMAN RESOURCES/INSURANCE

September 2, 2025 at 5:00 PM

Chairman E. Sapienza called the meeting to order.

The Clerk called the roll.

Present: Aldermen E. Sapienza, Kantor (late), Vincent, T. Sapienza, Burkush

Messrs.: C. Dobbins, P. Marr, Mayor Ruais, Alderman O'Neil

1. Reports submitted by the Human Resources Department:
- Position Summary Report
- Vacancy Requisition Requests & Approvals
- Summary of Arbitrations/Grievances

2. Communication from Caleb Dobbins, Chief Highway Engineer, requesting that the position of Lead Inspector be approved for payment of on-call status.

Caleb Dobbins, Chief Highway Engineer: Currently there are two inspectors that are on call. This is simply increasing the number to three. There's never any more than one on call at any time. So, there's no financial obligation. It's simply just trying to spread the availability, or I should say the responsibility, out to three people rather than having somebody have to do it every other week.

*On motion of **Alderman Burkush**, duly seconded by **Alderman Vincent**, it was voted to approve.*

3. Communication from Peter Marr, Chief of Police, requesting authorization to absorb the salaries of two Real Time Crime Center Analyst positions into the department's FY26 budget and to amend the department's complement to reflect this change.

Peter Marr, Chief of Police: About a year ago, we hired two analysts that worked in our real time crime center. They augment our dispatch. I want to say it's like a 2 to 10 shift. They do all the background work, do all the research on volatile calls for service. We hired them under ARPA. What was not calculated was their benefits. So, they had to absorb them sooner than we had anticipated. But it is all built into our budget.

*On motion of **Alderman Burkush**, duly seconded by **Alderman Vincent**, it was voted to approve.*

4. Presentation from USI regarding weight loss GLP-1 medications and their impact on the City of Manchester's self-funded group health plan.

Emily Rice, City Solicitor/Interim Human Resources Director: Good afternoon. Some members had questions about GLP one, and so we invited both USC and Anthem to come and give a brief presentation and to make themselves available to answer questions. So, if it's all right with you, Mr. Chairman, we'd like to just dive in.

Milan Varagic, Anthem Blue Cross-Blue Shield: I'm your executive for the past 15 years. I look over your plan designs and also take care of your employees and their dependents. So, there's been a lot of in the media and everywhere going on around GLP-1 drugs. So, there are two types of GLP-1 drugs. There's GLP-1 drugs that are used specifically for diabetes treatment. So, type two diabetes, those are absolutely covered with your plan designs and have been for years. And then there's second part of the GLP-1 which is specifically used for weight loss treatment. What has happened over the last six months is unfortunately, Anthem has built one of the divisions wrong. Your plan, as it stands, never have covered GLP-1 drugs for weight loss. It has only covered it for diabetes. But Anthem unfortunately built the plan wrong and certain numbers of individuals have been able to receive that coverage. And they have for the past 12 months. What we have done once we discovered that that was available is we notified the city. At that time, we spoke to the HR director and decided that the best thing is to make sure, even though that we discovered it in April, that we let it go through July, which is the end of the plan year. So, we covered those folks on our own dime. Anthem paid the city back and also allowed the members to get that coverage. When it comes to these specific medications, the numbers out there and data is showing signs that they are treating obesity very well. But it's still early with the studies. But so far, the numbers are showing these drugs are definitely helping control weight loss with medications. So that's a little bit what has happened. We did notify these employees. I believe there were 44 members overall. We notified them by sending them a letter and also informing them of other options. But hindsight right now, and speaking with some of your colleagues here on this board, I wish we did more than that. So, what I'm offering here tonight, and we're willing to do from Anthem’s perspective, is we're willing to have a webinar call and invite these 44 members so we can educate them of any other options available and hold their hands to see if we can find them. Solutions outside your plan because your plan does not cover it. And also, we're offering if any of those individuals want to meet one on one to look at their specific cases, we will be willing to do that since this was our issue that we caused. So, we're willing to do that. But once again, your plans did not have this as a coverage. This was our mistake. And we own the mistake. We paid the city back the monies. And we also let those members continue to get coverage for the full 12 months on their plans.

Burr Duryea, USI: We were asked to assess what the total potential cost would be to cover the medications for all employees. And obviously, in a situation like this, there's a lot of uncertainty about who's taking the medication, not going to take the medication. Based on the data that Anthem provided, as well as looking at some benchmarks of what we're seeing for our book of business and our clients, we estimated the cost to be around $1.4 to $1.7 million to cover the GLP-1 for weight loss only. Obviously, the recommendation is to continue to cover it for diabetes and its original intent. The other thing we were asked is to see what other alternatives are out there. There are a number of manufacturer direct options in the marketplace now. So, there is an option that is in the $400 to $600 range for members. Wegovy has an option direct, and then there are a number of other different medi-spa type options that use a compounding methodology as well. And then lastly, we will continue to work with the city and evaluate what the potential cost of GLP-1 is going forward. A lot of the trends in the marketplace are not to cover these per prescription by their provider, but in more of in a thoughtful manner, whether it's combined with behavioral change along with the weight loss medications, and we'll continue to evaluate that with future costs to the plan. This is just some of the background.

I don't know how much detail you want us to go into, but as Milan mentioned, the current members based on the coding that Anthem put in correctly was about half of the group members. Under the plan, only 44 actually were receiving the medication. Again, this was not advertised, if that's the right term, but it wasn't made aware as a benefit. So, we assume that number would increase significantly if it was offered to the entire population. In that period of time, just shy of $360,000 in costs that Anthem reimbursed the city for. So, these were a baseline of the estimates, estimates we had for the cost of the plan. And then lastly, we tried to break this down. If it was about a 5% increase, the total budget, what would that mean to additional employees' cost as well as additional cost to the retiree population, the pre-65 retiree population. Obviously, there's multiple plans that the city offers its employees. So, this is an average between those plans. But you can see here it would range anywhere from $94 a single member to to $254 for a family a year. And then to the far right where the pre 65 retirees pick up the cost, you can see it would be quite a significant impact to retirees as well to cover the medication. And then lastly, as I'm sure many of you are aware, based on the media and talking to your peers, is a lot of the other New Hampshire public sector employers are not covering or have recently determined to not cover these going forward. And then last slide here is these were some of the alternatives. This is not the cost of the plan paid for by Anthem. This is direct manufacturer to consumer. You can see for single dose vial starting at $350 a month all of these would be HSA eligible for the members that are under a high deductible health plan if they chose to use those monies for reimbursement. And then lastly, going forward, as we will evaluate with the city, there are other programs that could be coupled with the manufacturer direct programs like RX save cards, where if the city chose to, they could put a stipend of money in these accounts that could be utilized to help offset some of the expense, just not the entire cost of the medication as the way it was done recently.

Alderman T. Sapienza: That payment you talked about in the paragraph, is that the HSA contribution?

B. Duryea: No. That's a those are newer programs that have started to come to the marketplace and not getting too far in the weeds, but right now through Anthem, the drugs are being dispersed through the pharmacy benefit manager Carillion. And the cost of those medications can range $1000 to $1200 in injection per month. As more employers are pushing the coverage of these back on to individuals, the manufacturers have set up direct programs, and that's the cost of the $350. What some companies have started doing, or public sector employees is to say we're going to set up similar to an HSA card, but a tax preferred card, where the money can only be utilized to cover GLP-1, for example. So, to be separate than an HSA.

Alderman T. Sapienza: That's in addition to the HSA?

B. Duryea: Correct.

Alderman T. Sapienza: The other question I have when I look at your presentation. I saw $1.4 to $1.7 million is your additional cost. But for the 11 months that that the program was operating, it only cost $358,000.

B. Duryea: Yes. And I can speak to that.

Alderman T. Sapienza: So that's like four to times what it actually cost. That would be like if it were operating for less than three months.

M. Varagic: Only a specific number of people were on it and it was not marketed. Not all of the folks knew about the program. Unfortunately, if they did, more utilization would have been in place. And that's what they are assuming, is if more folks knew about that specific coverage more of them would be utilizing and that number would be what they projected to be.

Alderman T. Sapienza: So maybe a factor of five.

Mayor Ruais: So, we just addressed this issue on the school district side. The school district has been covering this in full as Anthem will speak to. So, regarding Alderman Sapienza's point, I just gave you guys a couple quick numbers. So, in FY 23 there were 20 users on the school district side; cost $110,000. FY 24 there were 61 users; cost $256,000. FY 25 it went up to 168 users and cost $1.2 million. And all of those far surpassed the projections that were made at the time. For how many people were going to utilize these drugs, the cost that they were anticipating or projecting this year for FY 26, if we were to continue, would have been astronomical. So just by way of giving a comparison, in our budget last year, we had a $2 million increase in health care costs. We all remember that conversation that we had. This year, it was only a $400,000 increase in health care costs. So, we're we're talking about substantial increased costs to the taxpayers if we were to cover this going forward. And actually, the conversation that we had on the school district was remarkably similar to what you just talked about, and that was that the school district is generous in their HSAs. So, if we put additional dollars aside and they could cover them out of that, as opposed to covering this in full, because those added costs to every city employee and every city family, if we were to cover that it would be enormous.

Alderman O'Neil: This all came to light for me because of a school district employee that is a two-time kidney transplant person that was directed by the doctor, the nephrologist, if I'm saying it right, that she should watch the control of her weight and referred it to a diet management. I think it's been addressed on the school district site. So, we won't pay $1,000 a month, but we'll pay $1 million for a kidney transplant. Makes no sense to me. You talk about impact on the self-funded health. You haven't once said one thing about the health of the employees. Not once have you said what's in the best interest of the health of the employees. You never once talked about the employee health. We went through this many years ago on the injections for joints if you remember. But what we don't know is where is the savings in other parts of healthcare if somebody has got their weight under control? Where is this related to heart disease? Prediabetes? I'm a type two diabetic, so I get it. Where was this during prediabetes? Organ functions? Joint issues? There might be others, I don't know enough about it. I've tried to research, but just to say I don't care what other communities do I want what's best for our employees. And not once did you say that. And I'll tell you, if I had my way, you'd be gone, your company. I don't have my way on this. So, I want to start being about the employees. That's why we do this. I have cancer survivors in my family. And you might say, how do I know about the kidney transplant? Two of my family members were the donors. That's how I know about that. So, you know, what are we going to do? Stop covering cancer treatment? So, I want this to be about the employees first. Now, the city solicitor did point out something very

important to me today. And she said even if we wanted to make a change on this, we have eleven union contracts we just agreed to, and it's not in there. We have three more coming up. So, I did have a chance to talk to Milan, who has been great in servicing the city for many years and he's offered to put together some learning sessions and even try to see if they can identify someone with Anthem who can help the employees with their options, because they don't know their options now. And it would be helpful to get the cost for them under control. It stinks that people have been on this, and now it's not being covered. But I appreciate Milan speaking with me and offering that Anthem would put together some workshops and try to find a one-point person that can help out with this so that employees have a resource, whether it's compounding, whether it's mail order, whatever it may be. So, and I appreciate that. And Milan has helped out on many things over the years. But first and foremost, it has to be about the employees. And we cover with diabetes, but we don't cover with pre-diabetes. Now, I'm not a very educated man, but that doesn't make any sense to me. We want people to go from pre-diabetic to diabetic? Doesn't make any sense. We want people to have heart disease, blood pressure issues? This is not black and white and should not be about the bottom line. It should be what's in the best interest of our employees. That's what it should be about. I don't know if this is a wonder drug, but it certainly has changed people's lives. And I don't wish anybody gets type two diabetes so they can get on it. Let me read a quote, this is from one of one of our employees: “Weight loss is not a behavioral issue. It's a medical condition that needs to be treated.” I think it's a very appropriate quote. So, it's not a behavioral issue, it's a medical issue.

Alderman E. Sapienza: You talked about kind of having an HSA for this. That to me sounds like you're just expanding the bureaucracy. I don't know why that would be, but could you explain that a little? I mean, if it were if it were to come to fruition, it just seems like it would expand the bureaucracy.

B. Duryea: The HSA accounts would continue to operate the way that they are and would be an HSA eligible expense out of the employees’ own dollars and the dollars that the city put into the HSA accounts. But under the HSA account, those dollars can't be limited to any specific illness, procedure, or medication. So, there are these accounts, tax preferred accounts, that are now being set up that the city could put money in, but allow the member to purchase the medications through the manufacturer direct program. So instead of the city and the member paying the $1,100, they pay that $350 or $450 medication, and the city could say we're going to pay $200 a month for that specific medication.

Alderman E. Sapienza: Alderman O'Neil brought up the union contracts. This question, I guess is for the solicitor. I understand that we have union contracts and legal obligations, but this sort of thing happens all the time or could happen at any time. It's not just limited to GLP-1. There are always new medications coming up. Are you saying that when you have a union contract the insurance company can't all of a sudden say, well, look, we have this new wonderful drug here that we want to provide, but we can’t?

E. Rice: No, I'm not saying that. I'm saying that this was not in the plan for this use. It's not the plan that we adopted. I can't address your specific question about how the formulary works when things are added and things are subtracted, but I don't think that

that's correct. But in my opinion, because the plan did not include coverage for this, because we're expanding the coverage, that it would it would require renegotiation.

Alderman E. Sapienza: Well, but I mean there's always going to be new medications coming up. Every time that happens, we'd have to discuss it with the union? I can't imagine that anybody again, theoretically, if this would have come to fruition, any union member would be opposed to an added benefit.

B. Duryea: I think it's the added cost to the plan. So, when we did the projection of the cost of the plan at the beginning of the year, it was not assuming that the weight loss medication would be covered. Now you would have to back in and add in another million and a half into estimated expense. The city would have to pick it up or it'd have to be spread out amongst members.

M. Varagic: One more comment I would make is there are changes in industry with these specific drugs happening every month. Today, one of the drugs used specifically for weight loss, also for cardiovascular, also received FDA approval to treat MASH, which is a fatty liver. So, what I'm saying is I think over the next 6 to 12 months, you will see new additional changes coming. And they're actually working on the pill form as well. So, I think we can pledge to the board that we'll continue to inform you of these changes and what's happening. And I also pledge from Anthem. And once again, I apologize for our mistake that might have caused. I will pledge to meet and organize a meeting.

Alderman T. Sapienza: I do admire the way Anthem handled this mistake. I think this is the first time in my life I've seen the insurance company do the right thing. So, I do appreciate the way you've handled it.

There being no further business, o*n motion of **Alderman Kantor**, duly seconded by **Alderman Vincent**, it was voted to adjourn.*

A True Record. Attest.

Clerk of Committee

Meeting Start Time: 5:00PM
Meeting End Time: 5:25PM
Minutes Prepared By: Michael Intranuovo