

AGENDA
Task Force on Employee Wellness and Consolidation of Agency Group
Insurance

Tuesday, October 4, 2011

8:00 to 9:30 a.m.

Department of Health and Human Services' TAN (1st Floor)

Conference Room

401 Hungerford Drive, Rockville

CALL IN PHONE # 240-773-8122 pass-code 263891

- 8:00 Welcome from Paul Heylman, Acting Task Force Chair
Public/Visitor Comments
Approval of Minutes
- 8:10 New Business – Extend Task Force Meetings through Tuesday,
November 15th
- 8:15 Discussion and questions regarding last week's presentations from
Aon Hewitt and Dr. Sawyer
- 8:30 Adjourn as Full Task Force and break-out into committees –
Consolidation of Agency Group Insurance (Paul Heylman, Chair; this
committee will stay in the Tan Conference Room) and Employee
Wellness (Farzaneh Riar, Chair; this committee will move to the
Green Conference Room)
- 9:30 Adjourn

Health Care Cost Containment in MCPS

For more than 10 years, the MCPS administration and its three employee unions (MCEA, SEIU Local 500, and MCAAP) have worked together through their “Joint Employee Benefits Committee” to control the escalating cost of health care. The parties have shared a commitment to cost containment- rather than simply cost shifting- in order to slow the overall rate of increase for both the employer and employees. A partial list of steps taken includes:

Plan Design To Promote Cost Effective Use of Health Care Services

Incentive for Enrollment in HMOs - The MCPS plan pays a higher percentage of premiums for employees enrolled in lower cost, more efficient health maintenance organizations. As a result, 64% of plan participants have voluntarily enrolled in HMOs. (*In contrast, 33% of participants in the county government plan are enrolled in HMOs.*)

Incentive for Use of Generic Drugs- Prescriptions for non-formulary, name-brand drugs are automatically filled with generics, unless the physician specifies otherwise. If a participant opts to use a name brand drug when a generic equivalent is available, they have to pay the full cost of the difference.

Incentive for use of Discounted “Formulary” Drugs- The three-tier drug co-pay structure also costs the participant more if they opt for a name brand drug which the Pharmacy Benefit Manager has not negotiated a discount from the manufacturer (*the discounted drugs are on the ‘formulary’*).

Incentive for use of Lower Cost Mail Order Drugs- Following two initial 30-day prescriptions, maintenance drugs must be ordered through the mail order pharmacy, where they are available at much lower cost to the plan. If a participant does not do so, they pay the full cost of the difference in addition to the retail co-pay.

Availability of Lower Cost “Mail Order” Drugs at Retail – As a result of the recent merger between Caremark and CVS, plan participants can now pick up their “mail order” maintenance drugs at their neighborhood CVS pharmacy; further increasing ease of access to lower cost “mail order” prescriptions.

Requirement to Use Mail Order Pharmacy for New, Designer Biotech Drugs- The plan has established a specialty mail order pharmacy for biotech drugs, which are some of the most expensive drugs on the market today, and which many physicians are providing, with steep mark-ups.

Disincentive to Use Emergency Rooms for Non-Emergency Care- Based on an analysis of plan utilization data, effective 1/1/11 the parties agreed to double the co-pay charged to participants who use high cost emergency rooms but are not admitted for further care. The co-pay increased from \$50 to \$100. Plan savings will be realized by decreasing emergency room usage for non-emergency care. Initial annual savings were projected to be \$550,000.

Incentive for Use of Urgent Care Centers – The co-pay for Urgent Care Centers is the same as for doctors' visits, further increasing the financial incentive to use Urgent Care Centers in lieu of emergency rooms for non-emergency care.

Promoting Efficient Use of Health Care Services

Unbundling of Health Care Plans – Employees used to enroll in MCPS health, prescription, dental and vision care coverage as a package. Enrollment is now “unbundled”, so employees can opt for just those components that they need and not enroll in plans that they may not need or want. This enables some employees to opt to enroll in certain components through their spouses, without having to enroll in a comprehensive package through MCPS just to get certain coverage.

Focus on Reducing “High Cost Claims”- Analysis of plan utilization data indicates that approximately 22.5% of all medical charges are incurred by 1% of plan participants who incur more than \$50,000 in charges in a year. The MCPS Joint Employee Benefits Committee meets regularly with plan administrators to monitor their efforts to better manage high cost claimants through plan vendor disease management programs. The most recent data indicates that both the percentage of high cost claimants, and their average cost, are lower than in comparison groups.

Promoting Employee Wellness

Promotion of Smoking Cessation Programs- In order to encourage plan participants to stop smoking, the system has begun offering a high quality smoking cessation program to employees at no cost. The eight-week, face-to-face, cohort based smoking cessation program has been developed in partnership with Kaiser Permanente, and is viewed by Kaiser as a potential national model. The program will be available to all MCPS employees, not just those enrolled in Kaiser.

Wellness Promotion - Beginning in 2009, the parties began a joint wellness initiative. A Joint Work Group on Health Care Cost Containment and Employee Wellness conducted detailed analysis of plan utilization data and met regularly with plan consultants. Plan utilization data revealed more than \$36 million in annual health care costs due to asthma, diabetes, obesity, and cardiovascular disease (high blood pressure and high cholesterol) - all conditions that are preventable and manageable. The costs associated with these conditions accounted for 25% of total medical payments. The parties recognize that the best way to slow the growth in health care costs was to help plan participants better manage and prevent these conditions. Many of the Work Group's recommendations have already been implemented.

MCPS On The Move - Last fall, in partnership with Kaiser Permanente, MCPS launched a major wellness initiative entitled “MCPS on the Move.” Over a 12-week period, more than 5,300 elementary school staff actively participated, out of an eligible workforce of approximately 10,000. Collectively they logged 137,812 hours of exercise, 51,521,553 calories burned, and an average of 16.8 hours of activity per participant. Total weight loss was 16,490 pounds. Average starting Body Mass Index (BMI) was 26.2. Average ending BMI was 22.4 – taking the group

average from the obese category into the normal weight category. This year the MCPS On The Move campaign is also now being expanded to secondary schools and offices so that it will now be underway at all worksites.

In-House Wellness Program - MCPS has recently added a Wellness Coordinator who is leading expanded efforts to increase employee wellness - seminars, promotions, and educational programs. The overall program is now called “Well Aware”, and is being promoted to all employees through regular, and multiple, communications.

Wellness Discounts – Through our medical plan vendors, employees are eligible for discount memberships in most of the major area health and fitness clubs and weight loss programs.

Limitations of Plan Benefits

ED Drug Limits - Drugs for erectile dysfunction have a quantity limit of six doses per month in the active employee plan, and are fully excluded from coverage in the retiree plan.

Other Lifestyle Drug Limits - Anabolic steroids, acne treatments, growth hormones and medications to treat fungal infection will not be authorized by the plan unless the physician can demonstrate that they are medically necessary.

Smoking Cessation and Weight Loss Drugs Require Concurrent Therapy - While the parties wish to encourage smoking cessation and weight loss, the research is clear that such medications are rarely effective in the absence of a corresponding treatment plan. Such drugs are not covered unless the plan participant is enrolled in a treatment plan.

Limited Vision Plan Coverage- Because the parties have agreed that their priority is on ensuring that plan participants have access to adequate medical, dental and prescription coverage, the MCPS plan provides very limited coverage for vision care expenses.

Ensuring Efficient Plan Administration

Pharmacy Benefit Manager Audit - During 2010, MCPS contracted for an independent audit of its Pharmacy Benefit Manager. The audit examined both the accuracy of claims proceeding and the proper crediting of manufactures discounts and rebates.

Bi-Annual Meetings with Plan Administrators - the Joint Employee Benefits Committee meets with each major plan administrator (*UHC, Carefirst, Caremark, and Aetna*) to review utilization data, wellness programs metrics, and trend analysis in order to monitor effective and efficient use of plan benefits.

Frequent Rebidding of Plans- In coordination with the other agencies, all the plans are rebid on 3-4 years schedule. The medical, dental, vision and life plans were rebid effective 1/1/11. MCPS realized \$914,000 in annual savings on administrative costs and life insurance premiums.

MCPS also negotiated for “wellness credits” from its medical vendors. A total of \$260,000 (over the three years of the contracts) was obtained to expand its employee wellness programs. Effective 2/1/10, MCPS re-negotiated the Caremark prescription drug contract. This resulted in initial annual savings of \$3.6 million and total savings over three years of \$13 million.

Coordination of Benefits with Medicare- MCPS requires all retirees who are Medicare eligible to enroll in hospitalization and medical coverage through Medicare (*Parts A and B*). As a result, Medicare is the primary insurer, and MCPS only provides a small supplemental, wrap-around plan.

Eligibility Limits

Exclusion from Coverage for Limited Part-time Employees - Part-time employees who work less than 20 hours/week are not eligible to participate in the plan.

Exclusion from Coverage for Short-term Retirees - Retirees who have less than ten (10) years of service in MCPS are not eligible for retiree health insurance. This has recently been changed from a previous threshold of just five (5) years.

Exclusion from Coverage for New Dependents of Retirees - For a number of years, the plan has prohibited the addition of dependents onto plan after retirement. (*Note: The new federal Affordable Care Act now requires that the addition of new dependent children be allowed. The MCPS plan will continue to prohibit the addition of new spouses.*)

Prohibition on Duplicate Coverage for Dual Employee Households - The plan prohibits any employee or dependent from having duplicate coverage through MCPS. Previously, such duplication was allowed and though such plan participants saw reduced out of pocket expenses due to coordination of benefits, the parties agreed to prohibit such duplicate coverage, even though both parents are employed through MCPS.

Limits on Domestic Partners Coverage - While MCPS provides coverage for qualified same sex domestic partners, it does not provide coverage for opposite sex domestic partners, as some do.

Dependent Eligibility Audit - In 2009, MCPS conducted a ‘dependent audit’ to verify the eligibility of all dependents on the plan. Every employee had to provide documentation. More than 900 ineligible dependents were removed from the plan, for an annual savings of more than \$2.5 million.

Approved October 11, 2011

Minutes

Task Force on Employee Wellness and Consolidation of Agency Group Insurance

Tuesday, October 4, 2011

DHHS 401 Hungerford Road - Tan Conference Room

The meeting was called to order by Acting Task Force Chair Paul Heylman at 8:05 a.m.

Approval of Minutes

The minutes from the September 27, 2011 meeting were approved with an amendment to say that the September 20, 2011 minutes were to be amended to reflect that Chief Administrative Officer Timothy Firestine is the Chair of the Cross-Agency Resource-Sharing (CARS) committee and Mr. Girling serves as chair of the CARS benefits subcommittee.

Request for Comments from Visitors

There were no visitor comments at this time.

New Business – Extend Work of the Task Force through November 15, 2011

A motion to extend Task Force meetings through Tuesday, November 15, 2011 was approved without objection.

Mr. McTigue requested a presentation on the Cross-Agency Resource-Sharing (CARS) effort to include what CARS is working on, what they have done, and what they haven't done. Mr. Girling said that the CARS benefits committee is made up of the agency people on this Task Force. Councilmember Leventhal said that when the Council framed the resolution establishing this Task Force it knew what CARS had done but that the Council hoped that the Task Force would go a step further and move faster. Mr. McTigue said the Task Force should hear from the Chair of CARS, since the work of CARS could impact Task Force recommendations and the Task Force could be duplicating the work of CARS. He also said there needs to be clarification on how certain statements, such as whether certain insurers have the capacity to handle a large increase in the number of people they are serving, are being reviewed. Mr. Israel suggested that as a part of the CARS presentation, there should be a presentation on how the agencies jointly bid now to clarify how this might be different under consolidation. Ms. McMillan said she would contact the Chief Administrator's Office to schedule a CARS presentation for the Task Force.

Continued Discussion of September 27 Presentations from Aon Hewitt and Dr. Thomas Sawyer

Acting Chair Heylman asked members of the Task Force if they had remaining questions/discussion issues from the presentation by Aon Hewitt on the overview of programs offered by the Montgomery County agencies or by Dr. Thomas Sawyer on alternatives to cost shifting and improving plan value.

Mr. McTigue said that if there is additional time with Dr. Sawyer, he would ask Dr. Sawyer what he meant by the term cost shifting and what his reaction would be to the proposal from the County Executive that would have tied the premium amount paid by an employee to income. Ms. Millar said that she understands Dr. Sawyer's concern about cost shifting to be that it is a one-time saving approach rather than something to decrease the overall cost of healthcare.

Mr. Lutes discussed whether there could be a structure put in place that addresses high utilization and the key drivers of cost. Mr. Heylman asked what the Consolidation Committee might be able to do to help the Wellness Committee address the 20% of people who are responsible for 80% of the cost. Mr. Johnstone said that all the health plans have case management and disease management programs but there is a portion of the population that will not use them and the problem is how to capture these individuals. Mr. Lutes emphasized the need to go beyond the current model of what is being offered.

Mr. McNutt said that you don't have to consolidate to have a uniform wellness program but that his experience is that when these programs are internal to the medical provider it is like having the fox guarding the hen-house. There are three or four very good disease management providers. These providers look every month at claims data and prescription data and report back. This service should be selected through an RFP process.

Mr. Heylman noted that it is not an issue of wellness versus consolidation but if there needs to be one commonly controlled group to address the issue that should be considered.

Mr. Israel distributed a summary paper, "Health Care Cost Containment in MCPS," to the Task Force. He said that he thought the Task Force might find it helpful to look at the range of things that MCPS has done over the last 10 years. He noted that it includes plan design, wellness, a pharmacy audit, and bi-annual meetings with plan administrators.

Full Task Force adjourned at 8:35 a.m. to meet as the Consolidation and Wellness committees.

Attendees:

Task Force Members:

Sue DeGraba Montgomery County Public Schools (MCPS)

Karen DeLong	AFSCME Local 2380
Erick Genser	IAFF Local 1664
Denise Gill	FOP Lodge 35
Wes Girling	Montgomery County Government
Paul Heylman	Public Member
Tom Israel	MCEA
Rick Johnstone	MCPS
Jan Lahr-Prock	M-NCPPC
Mark Lutes	Public Member
Thomas McNutt	Public Member
Brian McTigue	Public Member
Edye Miller	MCAAP
William Mooney	Public Member
Richard Penn	AAUP
Farzaneh Riar	Public Member
David Rodich	SEIU Local 500
Arthur Spengler	Public Member
Ulder Tillman	Montgomery County Government
Lynda von Bargaen	Montgomery College
Michael Young	FOP Lodge 30

Alternates:

Karen Bass (for Lynda von Bargaen)	Montgomery College
Debra Christner (for Ulder Tillman)	County Government
Amy Millar (for Gino Renne)	MCGEO Local 1994
Paul Brown (for Jan Lahr-Prock)	M-NCPPC

Guests:

Stan Damas, MCPS, Department of Association Relations
 Councilmember George Leventhal
 Lori O'Brien, Office of Management and Budget (County Government)
 Patty Vitale, Chief of Staff to Councilmember Leventhal
 Victor Zapana, Washington Post

Staff:

Craig Howard, Office of Legislative Oversight
 Kristen Latham, Office of Legislative Oversight
 Linda McMillan, Council Staff
 Karen Orlansky, Office of Legislative Oversight
 Aron Trombka, Office of Legislative Oversight