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

Tuesday, October 18, 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 number is 240-773-8122 and the pass-code is 777933

8:00 Welcome from Bill Mooney, Task Force Chair
Public/Visitor Comments
No Approval of Minutes – minutes from 10/11 will be available for approval at the 10/25 session

8:10 Presentation – Overview of Cross-Agency Resource-Sharing (CARS) effort - Fariba Kassiri, Assistant Chief Administrative Officer.
Overview of current process for joint bidding of health insurance – Wes Girling, Montgomery County Department of Human Resources. (Mr. Girling will provide a very brief description of joint bidding to the full Task Force but will provide additional details to the Consolidation Committee.)

8:25 Presentation – Ms. Laura Walsh, Chief Executive Officer, Associated Administrators, LLC. Associated Administrators is a third party claims administrator for medical, disability, and pension programs. Among its clients is UFCW Local 400. Ms. Walsh will be presenting on contracting for disease management, specialty drugs, and step therapy.

8:45 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

Cross-Agency Resource-Sharing Committee (CARS)

Subcommittee Updates as of 3/1/2011

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Utilities	1. Establish an Interagency Energy Technical Service Organization	Immediately	1. Revise ICEUM mission (January, 2010), 2. Identify agency lead representatives/management contacts and resource needs (January, 2011), 3. Develop interagency framework (February 2011), 4. Issue call for resources and commitments from agencies (February, 2011), 4. Establish subgroups (March, 2011), 5. Develop framework for information exchange (March,2011) 5. Begin work (March, 2011), 6. Conduct Quarter meetings (ongoing).	Underway, convening periodically to identify changes to participants, reporting, and key priorities. Key priorities for FY12/FY13 were identified in the CARS.
Executive Summary of Recommendations	2. Multi-Agency Energy Service Contract Agreement for Energy-Efficiency and Renewable Energy Retrofits	Mid Year FY12	1. Refine DGS developed contracting instrument for review by agencies, 2. Obtain agency sign-off to co-bid, 3. Develop agreement instrument for ESCO services, 4. Implementing finance and budget plan to allow ESCO financing to be carried on County and Agency budgets, 5. Bid and award ESCO contract(s) and independent M&V if needed, 6. Identify projects, 7. Begin construction.	RFP scope currently undergoing final stages of review. On schedule for RFP release late March or Early April 2011.
Detailed Recommendations Report	3. Consolidate Utility Billing	Post FY12	TBD	_____

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Utilities (Continued)	4. Interagency Energy Conservation Campaign	Mid Year FY11		A campaign is currently under development and an intern has been procured to assist in the development of campaign messages, materials, and communications processes. The first phase that is anticipated to launch in on Earth day 2011. First phase will consist of messaging through directors and dissemination of information on the value of energy savings in buildings. An additional push will be made at the beginning of the budget year. Phase 2 which may include recognition, web content, a model office and more aggressive messaging will require funds in FY12.
	5. T8 32W to 25/28W Fluorescent Retrofit	FY12	1. Review existing lighting contracts to ensure that quality replacement lamps are available, procure or amend contracts as needed. 2. Identify buildings for retrofits, 3. Spot-check ballast compatibility and illumination levels, 4. Identify source of labor and financing., 5. Execute project and establish ongoing group relamping schedule.	Sites and processes are being discussed amongst agencies.
	6. Building Operator Certification (BOC) Training	FY12	1. Monitor County implementation of BOC or equivalent program under ARRA grant. 2. Identify staff within agency to be trained. 3. Send staff to training, 4. Develop and implement process to track savings and benefits.	Program is under development with the Department of Economic Development's Workforce Solutions Group contractor. Initial stakeholder meeting to select curricula is being planned for March 24th, 2010 and agency energy leads will be invited.

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Utilities (Continued)	7. Expand/Enhance Cooperative Purchasing of Utilities	Post FY12	TBD	_____
	8. Establish a Energy-Efficiency/Renewable Energy Finance Fund to Reinvest a Portion of Savings from Retrofits	Post FY12	TBD	_____
	9. Participate in PJM Load Management Programs	Post FY12	TBD	_____
	10. Develop Multi-Agency Facility Sharing Plan to plan future facility use and combine efforts	Post FY12	TBD	_____
	11. Adopt Thin-Client or Similar IT architecture to reduce desk-top energy consumption	Post FY12	TBD	_____

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Fleet	1. Fueling/ Fuel Management System and Infrastructure Consolidation	FY12	Conduct a survey of each fuel site to identify specific fueling activities that can be combined and fuel sites to be eliminated. Prepare an amendment to CIP#451104, Fuel Management to add a standardized fuel management system to sites that are not already covered under the existing CIP as well as omit sites from the existing Fuel management CIP that would be targeted as part of the fuel site reductions. Evaluate existing CIPs to examine potential consolidation opportunities.	Due to budget, inclement weather and operational requirement, the Subcommittee has not conducted the survery yet. MCG is in the process of bridging MNCPPC Fuel Master contract for Phase I of the Fuel Management CIP. We should have the bridge in place in the next few weeks.
Executive Summary of Recommendations	2. Share Specialized Equipment Use/Towing	FY12	Towards the future look at the possibility of combining the different fleets into one bid to get better rates in towing services. Look at developing our own countywide request for the leasing / rent of specialized equipment	While the Subcommittee has not looked at one solicitation for all agencies, we currently have a Hertz Equipment Rental contract in place that allows all agencies to rent needed equipment from one contract.
Detailed Recommendations Report	3. Training Consolidation	FY12	The next steps for the Training Recommendation as follows: 1) Internal Agency training meetings/Analysis of training needs; 2)Agency Training Officer group meetings; 3) Formulate plan/implment initial pilot trianing program and review; 4) Roll out provision.	On Track
	4. Shared purchasing - combine bids for new vehicles equipment	FY12		

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Fleet (Continued)	5. Grants vehicles/equipment	Post FY12		_____
	10. CNG – Fast Fill			
	7. Shared maintenance space	FY12	Subcommittee members are meeting with legal counsel for all Agencies. Once challenges/obstacles are resolved, writing the MOU.	Subcommittee is still trying to work through the legal aspects of this recommendation.
	8. Emergency Communications	Post FY12		_____
	9. Parts Solicitation	FY12		
	11. Grants Applications	Post FY12		_____
	12. [a] Eliminate Redundant Inspections [b] Decrease Cost: Leased Tire Contract [c] Decrease cost: Use of Retreads on Rear Tires	Post FY12	Potential savings in FY12: [a] $942,240 [b] $100,000 [c] $100,000	On Track

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Administrative	1. Training Function and Service Consolidation	FY12	Implementation steps: Interagency Training Group to identify opportunities to consolidate a limited number of common training classes that can be offered on a consolidated basis in FY12. Also to identify opportunities to create/share online training tools that provide tracking and certification requirements across agencies.	
Executive Summary of Recommendations	2. Centralized P-Card vendor	FY11	MCG has signed its contract with JP Morgan Chase. M-NCPPC is preparing to execute contract documents with JP Morgan Chase later this fiscal year. HOC is continuing to explore this opportunity.	Estimated savings for FY12: $184,000. Estimated savings for FY13: $184,000.
Detailed Recommendations Report	3. Specialized Banking Services	FY12	Additional analysis is needed to identify savings (e.g. position reductions) or efficiencies that could be realized.	
	4. Centralize Employee Background Investigations	FY12	Determine: 1) level of fee for b/g check (MCPS=$54); & 2) if there is an adverse impact to recruitment for charging non public safety applicants;. Assess changes needed to personnel regulations, County Code, other policies to permit use of retirees and temporary employees for seasonal spikes in b/g investigations.	Estimated savings for FY12: $258,000. Estimated savings for FY13: $258,000.
	5. Consolidate Agency Security Patrol	FY12	No further action.	

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Administrative (Continued)	6. Centralize administration of specific functions: e.g. Payroll; Benefits; W2 Notification; banking services, Payments, etc.	Post FY12	Post MCG Implementation and stabilization the agencies will revisit. From discussion, A/P is identified as first area for further exploration. Planning may be initiated as early as the second half of FY12, after MCG ERP implementation is stabilized.	_____
	7. Have reciprocal agreements with Montgomery County agencies to allow easier transfer and recruitment of employees (e.g. existing arrangement between MCG and the MC Circuit Court).	FY12	N/A	
	8. Centralize &/or explore contracting opportunities for alcohol and drug testing programs	FY12	Review data and identify opportunities for cost savings, e.g. contract expansion if a lower per unit cost could be achieved. HOC has already piggy-backed on MCG contract.	
	This item was moved here from IT Subcommittee 9. Cross Agency Language Translation Services Cooperative - Moved here from IT Subcommittee for implementation	Phase I: FY12 Phase II: FY13	A joint MCPS/MCG Committee has been working on this issue and has already drafted an MOU.	
	New Item added by Exec. Committee 10. Implement a cross-agency cost-cutting strategy for Paper/Print/Mail use	FY12	Identify any further opportunities for cost savings as part of FY12 Budget.	Estimated savings for FY12: $955,000. Estimated savings for FY13: $955,000.

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Procurement	1. County Government Management of All Vehicle Purchasing	FY12	(1) Each agency will be assessing its vehicle purchase needs and requirements, current contract terms, and industry changes (2) With regards to duplicate contracts across multiple categories, we will review the initial listing of contracts to identify further opportunities and which agencies will lead on behalf of all the agencies for a particular category.	MCPS is currently using the County's small vehicle contracts (Pick-Ups and sedans), as well as Hybrid vehicle contracts. Each agency is currently identifying their respective vehicle and parts contracts. By the end of March, we will have compiled this listing for each agency and will provide that list to the Fleet subcommittee for their collective specification gathering and requirements analysis. Once the Fleet sub-committee has finalized specifications and requirements, our sub-committee will issue a cooperative aligning it with current contract expirations.
Executive Summary of Recommendations	2. Public School Management of Paper Purchasing	FY12	(1) MCPS as the lead will combine agency requirements into single solicitation document (2) Issuing solicitation and awarding contracts	MCPS combined agency requirements into a single cooperative Paper solicitation, including specification for 30% post consumer/50% recycled or better. The IFB has been issued and bids are due on 3/4/11.
Detailed Recommendations Report	3. Coordinated Purchasing of Environmentally Preferable Products	FY12	(1) The First EPP Product will be included in the paper solicitation to include a minimum of 30% unbleached post consumer waste (2) Identify opportunities for other EPP product solicitation consolidation and develop a priority listing.	The paper solicitation included a requirement for an environmentally friendly product (employing acid free manufacturing processes): Elemental Chlorine Free (ECF) or Total Chlorine Free (TCF). Mills must be able to demonstrate this, with independent audit as an option.
	4. Explore consortium purchasing of other potential goods and services such as courier and delivery services, alcohol drug testing, employee background investigations, cell phones and any other goods or services recommended by CARS committees	FY12	However, we will be discussing other recommended purchasing consortium items as a result of the CARS committee final approved recommendations such as leases, banking, office supplies, copiers, and others and will continue to seek opportunities for other ocnsortium purchases.	N/A as CARS subcommittees indicated no relaized savings for these particular items. Other products/opportunitties will be identified and placed under #1 above, and as stated is under FY12.

	New Item added by Exec. Committee 5. Cross-Training for Procurement Personnel	FY12	(1) For FY11, completed a cross-agency training on Green Purchasing including EPP (2) In Fourth Quarter FY11 coordinating another cross-training program in recognition of Purchasing Month in March (3)Second Quarter FY12 Develop long term plan for additional cross-training.	On March 25, 2011, IPCC agencies will be jointly conducting a Construction Cooperative Roundtable discussion with local, small construction firms. User departments have also been invited such as construction division in MCPS, DOT and DGS in Montgomery County, etc. Names of LSBRP construction firms have also been provided to Montgomery College, who will be hosting.

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Employees & Retirees Benefit Plans	1. Consolidate the Employee Benefit Plan Offerings	FY13	This is a FY13 initiative that will require some longer term planning and study. The Benefits Workgroup will begin meet regularly to jointly address this and other cost savings and resources sharing opportunities	_____
Executive Summary Recommendations	2. Combine COBRA and Flexible Spending Plan Administration	FY12	Complete and issue the RFP. Evaluate responses and jointly agree on contract award.	On Track
Detailed Recommendations Report	3. Consolidate and Bring Payment of Retiree Benefits In House	FY12	The County needs to finalizes its plan for bringing payments in-house. Thje County and MCPS will meet regtularly over the next several months to jointly review staffing and resource needs and to develop the more detailed cost/savings analyis and logistical framework for this option.	Potential postponement until FY13
	4. Consolidate defined benefit retirement programs of county agencies under one program.	TBD	The Benefits Workgroup will continue to discuss and evaluate this opportunity.	_____
	5. Consolidate the Employee Benefit Plan Offerings (medical, dental, vision, prescription, life insurance, Flexible Spending Administration, COBRA administration, etc.) of County Agencies under one Administrative Unit that supports all county agencies.	Post FY12	This is a post- FY12 initiative and the Benefits Workgroup will continue to discuss and evaluate this opportuntiy.	_____

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Employees & Retirees Benefit Plans (Continued)	6. Jointly develop Wellness and Disease Management strategies.	FY12	Major health vendors are working on an analysis of claims to identify the best opportunities for intervention. Vendors have been asked to prepare informaiton on risk assessment capabilities and the Benefits Workgroup will begin meeting with vendors after the first of the year to collaborate on developing targeted wellness strategies. Items to be considered include - conducting Health Risk Assemments to develop benchmark data, workplace wellness seminars and webinars, Health Advising and Vitrual Health coaching, On-site wellness campaigns,etc.	In Progress
	7. Jointly approach light duty and return to work strategies, and consider expanding the County Occupational Medical program as a resource for all County agencies.	Post FY12	Post FY 12 initiative, the benefits workgroup will continue to discuss and evaluate this opportunity	_____
	8. Currently benefits among county agencies are "comparable" but not the same. Consider a uniform plan design across agency lines whether or not the plans are consolidated.	Post FY12	Post FY 12 initiative, the benefits workgroup will continue to discuss and evaluate this opportunity	_____
	9. Consider combining drug and alcohol testing across agency lines, and explore the possibility of leveraging the contracts with health insurance vendors.	Post FY12	Montgomery County is currently developing an RFP for lab testing service, and the RFP will be shared with the Benefit Workgroup in early 2011 to identify drug and alcohol testing needs that could be met through the County arrangement.	_____
	10. Consolidate the County and MCPS (and perhaps other agency) processes to evaluate applications for disability retirement.	FY13	FY13 initiative. No action to date.	_____

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Printing/Mail/ Documents	1. Records Management: Sharing New Knowledge and Best Practices	FY12	Form a Records Management oversight committee consisting of one member from each group	Nothing to report
Executive Summary of Recommendations	2. Share Scanning and Conversion Policy	FY12	Form a Records Management oversight committee consisting of one member from each group	Have been in communication with HOC.
Detailed Recommendations Report	3. Share Presorting Services/List Management	FY12	Write contract- estimate time 6 months	Scheduled meeting with vendor is March 30th. Previous meetings were canceled do to weather. Estimated cost savings in FY12 is $20,000.00 annually.
	4. Improve Training and Awareness Concerning Mail Shop Standards		Write contract- estimate time 6 months	Scheduled meeting with vendor is March 30th. Previous meetings were canceled do to weather. Estimated cost savings in FY12 is $20,000.00 annually.
	5. Enterprise Purchasing of Equipment Supplies	FY12	Write contract- estimate time 6 months	Paper IFB is due back on March 4th. We are anticipating an avoidance of 10% (mill increases) and a cost savings of $30,000.00 annually.
	6. Sharing New Knowledge and Best Practices	FY12	Form a oversight committee consisting of one member from each group	Nothing to report
	7. Pooling Printing Contracts	FY12	Write contract or print inhouse	We have seen a slight increase of jobs that were once printed on the outside brought in-house. We are hoping this trend continues since in-house printing is between 20% and 40% cheaper.

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Printing/Mail/ Documents (Continued)	8. Reduce Administrative Barriers		Form an Records Management oversight committee consisting of one member from each group	Nothing to report
	9. Reduce Redundant Rerecords		Form a Records Management oversight committee consisting of one member from each group	Nothing to report
	New Item added by Exec. Committee 10. Central Printing Office	Post FY12		_____
	New Item added by Exec. Committee 11. Central Printing Office	Post FY12		_____

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Information Technology	1. Mobile Data/Voice Contract Consolidation	Phase I: FY12 Phase II: mid-year FY12 Phase III: FY13	Project team members have been identified. Project sponsor is Sherwin Collette (CTO -- MCPS); project manager is Cary Kuhar (Director of Infrastructure & Ops -- MCPS). Project kickoff meeting has been scheduled to define the project charter, scope, schedule and deliverables. First in-scope activity will be to perform an interagency survey on mobile data/voice needs, usage, costs, and contract vehicles.	On Track
Executive Summary of Recommendations	2. IT Help Desk Services Consolidation	Phase I: FY12 Phase II: mid-year FY12	The project working group is scheduled to meet in mid-December to define project charter, scope, deliverables and timelines. The subcommittee's proposed implementation dates may change once the project plan has been developed.	On Track
Detailed Recommendations Report	3. Cross Agency Language Translation Services Cooperative	See Administrative Subcommittee	See Administrative Subcommittee	_____
	4. Interagency GIS Strategic Plan 2010 Implementation Phase	Phase I: FY12 Phase II: mid-year FY12	1. December 8, 2010, comment draft of GIS Governance structure recommendations to CIO Subcommittee; (2) December 17, 2010, comment draft of completed GIS Strategic Plan to CIO Subcommittee for review and approval; (3) January 2011, ITPCC review and approval of GIS Strategic Plan; (4) implementation begins.	On Track

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Information Technology (Continued)	5. Mobile and Wired Voice/Data Communications	Post FY12	To be determined.	_____
	6. Contractual and Procurement Cooperative/Consolidations	FY12	Procurement offices will need to generate IT related listings of services and providers, consolidate listing, identify overlap and duplications; determine potential for cost savings.	On Track
	7. Joint Use and Data Center Consolidations	Phase I: FY12 Phase II: mid-year FY12 Phase III: FY13 Phase IV: mid-year FY13	• Complete MCG BIA and portfolio assessment • Issue MCG BIA to MCCATS and LCATS vendors • Evaluate responses and cost proposals • Execute detailed BIA for MCG assessment • Evaluate BIA data collection and portfolio with business system priorities • Identify lessons learned from MCG BIA and identify changes to support multi-agency use • Identify correlation processes with each agency to determine synergies and data center optimization options	On Track
	8. Miscellaneous Other	Post FY12	To be determined.	_____

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Facilities Executive Summary of Recommendations Detailed Recommendations Report	1. Sharing Existing Resources	FY12	Meet with Procurement Establish a composite listing of bridgeable contracts Convene a group to identify and establish management of such services	The sub-committee will meet to set this up.
	2. Implementing Best Management Practices for Real Property Assets		Establish a Maintenance and Operations Working Group for all Agencies	The sub-committee will meet to set this up.
	3. Evaluate building new facilities versus renovating existing facilities	FY12	Establish a Committee	The "shared project" concept will be further discussed at the next sub-committee meeting. Expanded roster of proposed projects will also be discussed.
	4. Simplifying Project Approval Process		Look to Senior Managers for guidance	The sub-committee is not actively pursuing this item. However, the issue continues to affect all agencies.
	New Item added by Exec. Committee 5. Expanded design and construction of Shared infrastructure support facilities	Post FY12	As Above, Establish Committee Identify Candidate Projects	MCPS and MCG have initiated discussions regarding several projects: • Children's Resource Center – MCPS directed its architect to perform several test fits for the proposed 332 Edmonston Drive site. They were reviewed at a meeting on 02/02/2011. A second meeting is scheduled with MCPS and DHS on 03/04/2011 to discuss options. • Combined Bethesda Middle School and Recreation Center. A meeting is being arranged to discuss feasibility. • MCG/DGS has directed its architect to perform several test fits for a combined MCG/MCPS bus depot. This work continues on another recently identified site.

Subcommittee	Recommendation	Implementation Date	Next Steps	Updates/Notes
Space Utilization	1. Establish Quarterly Space Utilization Meetings	Immediately	Have call in to DTS requesting help	Meetings are scheduled, information is being shared among agencies about upcoming space requirements.
Executive Summary of Recommendations	2- Combined RFP for General Real Estate Services	FY12	Determine lead agency. Review examples from other jurisdictions. Talk to brokers who have participated in similar RFPs. Identify each agency's requirements. Identify and weight selection criteria. Draft RFP, review, finalize. Get legal review from all agencies. Transmit to PRO	Have spoken to one broker regarding their experience with RFPs of this nature. No further action taken.
Detailed Recommendations Report	3. Uniform Licensing Policies and Rates for Cell Phone and Fiber Tenants	Immediately	Consulting with DTS Tower Committee for technical advice. Decide whether to use a contractor for leasing and/or management of tower sites or handle in-house. If consultant is chosen, issue cooperative RFP.	Have met with and reviewed proposal of one vendor. No further action taken.
	New Item added by Exec. Committee 4.Consolidate Leasing	Mid YearFY12	Look for longer term lease consolidation possibilities.	Real estate consultant has reviewed lease list and does not see opportunity in near future for consolidation amongst leases.

Montgomery County Agencies

Overview of Joint Procurement

2011 – COBRA, FSA, Direct Bill

2010 – Medical, Stop Loss, Dental, Vision

2009 –None

2008 – None

2007 – Medical, Prescription Drug, Stop Loss, Behavioral Health

2006- COBRA, FSA, Direct Bill, Life, Stop Loss

2005 –Canadian Mail Order Prescription Drug, Dental

2004 – Prescription Drug

2003 –Medical

2002 –Life, Stop Loss, COBRA, FSA, Direct Bill

2001- Prescription Drug

2000 – Long Term Care, Medical, Dental

Note that not all five Agencies participate in every procurement but at least two or more participated in those listed above.

Laura L. Walsh, CEO
Associated Administrators, LLC
October 18, 2011

Cost Containment Starting in the 1980s:

(1) Utilization Review
(2) Mandatory Second Opinions
(3) Homecare and Hospice Care
(4) DME Networks
(5) Nurse Hotlines
(6) Subrogation
(7) Coordination of Benefits

Cost Containment in the Last Decade:

(1) Disease Management
(2) Prescription Step Therapy
(3) Specialty Drugs (High Cost Injectables)

Disease Management

These are the key features of a program to take Utilization Review to a deeper level, in cooperation with the patient:

A Disease Management Program monitors specific health concerns, such as

(a) Diabetes
(b) Heart failure
(c) Coronary artery disease
(d) Chronic obstructive pulmonary disease
(e) Asthma
Or (f) All diagnoses reaching a certain dollar threshold.

Disease Management

The Disease Management vendor identifies patients through claims and prescription data feeds and the pre-certification processes for treatment and hospital admission. Participants covered by the program can also enroll themselves for intervention. Many Disease Management vendors expect referrals from a central Human Resources or Labor contract—this is often not possible for a benefit plan.

Disease Management vendors use claims data to identify patients for intervention using

(a) Predictive modeling (multivariate)

(b) Gap analysis

One measure of the quality of a Disease Management vendor is the sophistication of its screening process to identify participants for intervention.

Disease Management

They solicit patient involvement through Outreach Services.

(a) mailings
(b) phone calls

There are variations in the services provided under Disease Management.

(a) Negotiation of medical provider fees
(b) Reporting of "best practices" back to medical providers
(c) Promoting the use of particular medical providers, centers of excellence
(d) Data mining
(e) Data warehousing
(f) Care guides—kits, DVDs

Disease Management

The contracting process may involve hiring a consultant to bring different Disease Management vendors for interview. The features to look for in a contract are as follows:

(1) Clear delineation of the responsibilities of the vendor and the Plan. The Plan must provide medical and/or prescription data to the vendor in a specified format, cooperation in the communication process to participants, calculation and payment of fees.

(2) HIPAA protections. The data required is purely Protected Health Information.

(3) Indemnification and insurance clauses, including proprietary materials.

Disease Management

(4) A description of the claims data and sources for that data to be used in identification and stratification of participants.

(5) The type and cycle of outreach services, including the health coaching services.

(6) Performing metrics.

(7) Reporting to those responsible for the Plan, including analytics.

(8) An implementation and roll-out plan.

(9) Fees at risk—return on investment guarantee, including how savings are calculated.

(10) Termination clause.

(11) Audit rights.

Disease Management

Insights

(1) Most plans will want an ROI guarantee of at least 1:1. ROI notoriously difficult to prove.

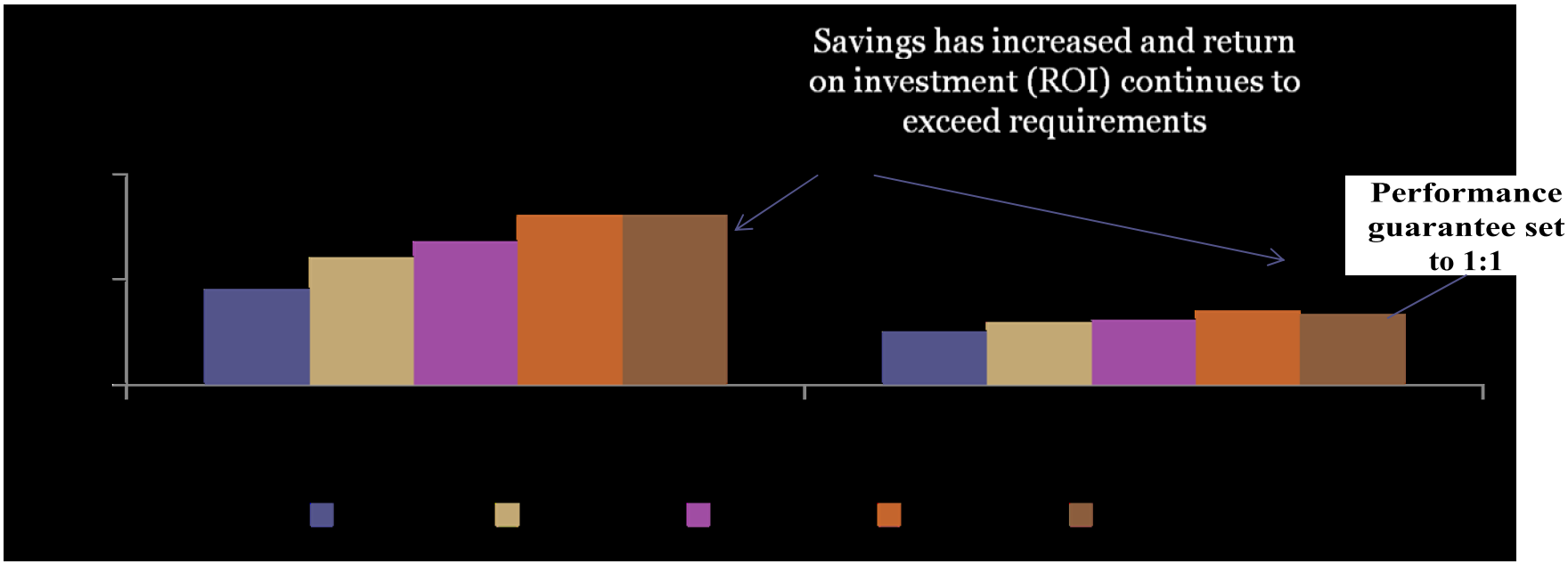
(2) The Plan will need to decide whether, once targeted for intervention, the participant must comply.

(3) Disease management programs are generally well-received by participant, but, ironically, poorly utilized.

Illustration of Disease Manager's Report

Program Year 5 Savings and ROI

Continued Success in returning value to the Fund



Measurement period defined as 9/1 – 8/31 for each program year (PY). PY5 data includes 4-months of claims run out.

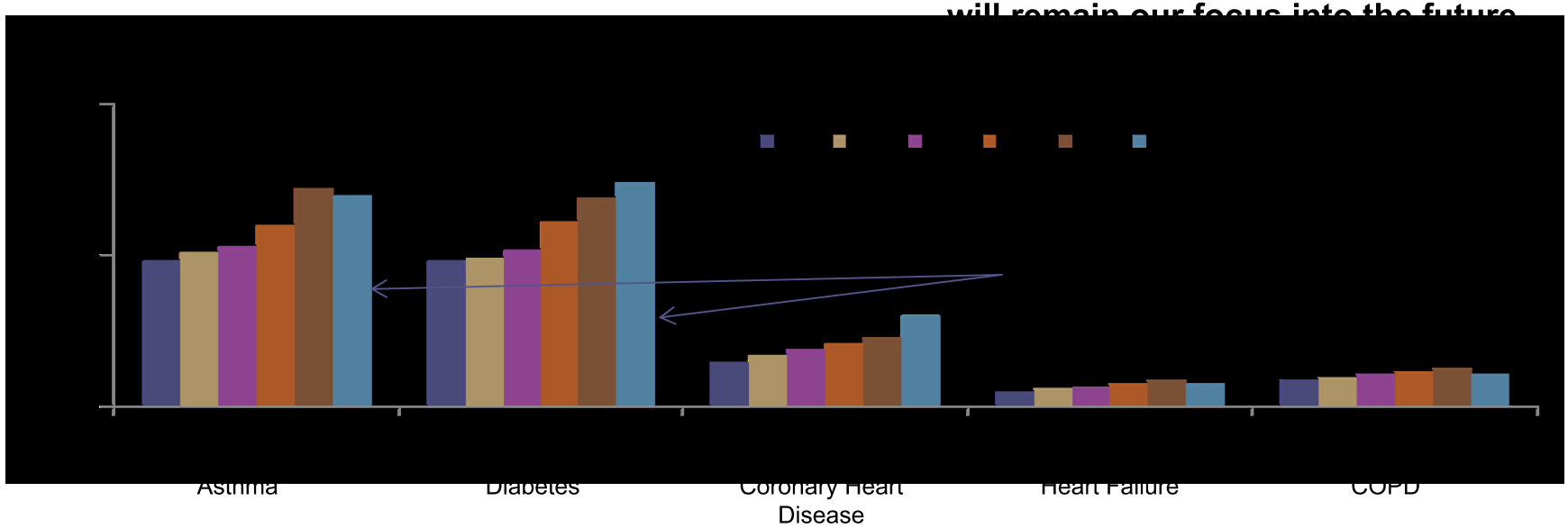
Illustration of Disease Manager's Report

Chronic Prevalence Trends

Continued focus on medical cost drivers

Population	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Chronic	89.8%	89%	87.7%	85.4%	84.1%
Chronic	**10.2%**	**11.0%**	**12.3%**	**14.6%**	**15.9%**

Not unexpectedly, there has been a steady increase in chronic prevalence during the five program years. **Focusing the program on managing the cost and quality implication of this trend will remain our focus into the future.**



New England Journal of Medicine

A Randomized Trial of a Telephonic Case Management Strategy

- Stratified, randomized study of 174,120 individuals
- Compared impact on medical costs and utilization of two different care and decision support strategies in an insured population.
- Baseline costs and utilization identical in both groups
- Primary difference was that a larger proportion of intervention group was identified to receive outreach
- Primary outcome measures were total medical costs and hospital admissions after one year
- Bottom line:
  - Total costs **reduced by over 3.6%**
  - Total population **admissions reduced by 10.1%**
  - **Net savings of $6.00 pmpm**

Specialty Pharmacy

Specialty drugs are those with the following characteristics:

(1) Expensive – average $1,800 per treatment
(2) Complex handling, shipping, and storage requirements, causing the potential for waste
(3) Usually injectables, sometimes new to the market
(4) Most common diagnostic categories: cancer, cystic fibrosis, growth hormone deficiency, hemophilia, infertility, multiple sclerosis, rheumatoid arthritis

Specialty Pharmacy

When a physician administers an injectable in his/her office, the claim will contain an office visit code and a charge for the drug itself.

Often, doctors specializing in treatment of one of the above diagnoses will keep supplies of the injectables in a refrigerator in the office. The physician has paid for supplies of the drug and has an incentive to recoup the cost. Because the drugs are new to the market and may require compounding to precise units, there are generally no usual, customary, and reasonable (UCR) limits.

It is not uncommon for a specialty drug which costs $5,000 when administered from a doctor's supplies to cost far less—perhaps less than $1,000—when warehoused and shipped from a specialty vendor.

The drugs usually ship to the participant's home to be self-injected.

Specialty Pharmacy

A typical contract

(1) enumerates the specific services to be provided, including a list of the specialty drugs themselves, clinical support and education to be provided by the vendor concerning the drug, shipping, handling, and mailing logistics

(2) contains HIPAA protections

(3) describes the exchange of data required for the vendor to identify participants receiving specialty drugs (J code reporting)

Specialty Pharmacy

(4) establishes a procedure for written communications to those targeted for intervention
(5) sets forth the claims adjudication process
(6) lists the Plan's responsibilities
(7) describes the reporting to the Plan (interventions, drugs supplied, savings)
(8) includes performance guarantees and penalties
(9) includes indemnifications and limitation of liability clauses
(10) includes an exclusivity clause
(11) audit rights—new business devoted to auditing

Specialty Pharmacy

Insights

(1) Specialty drugs are covered under the medical plan if not targeted for specialty pharmacy. Once taken over by specialty pharmacy, the Plan must decide the co-payment to be taken by the PBM.

Prescription vendor contracting, even absent a Specialty Pharmacy program, is highly complex.

(2) Participants generally enjoy the convenience and potential savings (lower co-payment) of specialty drug programs.

Specialty Pharmacy

(3) The identification process is easier than it used to be—enhanced data transfer, including claims related to the most common diagnoses, may help the vendor locate eligible participants, as well as coordination with the utilization review manager providing hospital intake (such as for cancer).

(5) Sometimes specialty drugs are administered once or twice, and not again, making it impossible to intervene.

Step Therapy

Step therapy requires the use of a preferred drug, or for criteria to be met before a drug can be approved. If the criteria are not met, a prescription may reject at the pharmacy. Step therapy programs are implemented because certain drugs have less expensive alternatives, or because there are safety considerations on the prescribed drug.

Step Therapy

Historically, Step 1 medications were generics, Step 2 medications were brands.

Presently, many PBMs place select preferred brands on Step 1 along with the generics; this is a result of pharmacy manufacturers attempting to drive market share through point of service programs like Step Therapy vs. formulary placement as the sole driver of market share.

Insights:

- Prior to considering a Step Therapy program, Plan Sponsors should review the medications included in Step 1 to verify use of the lowest cost medication available to the member and the Plan—without consideration of rebates.

Step Therapy

- The PBM contract should address the PBM's obligation to limit drug switching programs, including via Step Therapies, to lower cost, therapeutically equivalent medications.

The table below illustrates a 2011 Step Therapy Program offered by a large PBM to their customers; note that Brand medications are in bold. The undiscounted average wholesale price (AWP) is included.

Step 1 Medications	AWP	Step 2 Medications	AWP
Crestor	$156.00	**Altroprev**	$280.00
Lipitor	$121.00	**Lescol**	$114.60
Lovastatin	$ 11.60	**Lescol XL**	$145.80
Pravastatin	$ 35.90	**Livalo**	$118.00
Simvastatin	$ 10.61	**Mevacor**	$ 86.10
		Pavachol	$128.70
		Vytorin	$139.00
		Zocor	$ 76.00

Step Therapy

Medications commonly requiring steps:

(1) Proton pump inhibitors for heartburn and acid reflux (Prilosec is inexpensive and now over the counter)
(2) COX-2 Inhibitors for arthritis and pain
(3) Singulair for asthma
(4) Mobic, an NSAID

The STEPS may require trial (14 days, 30 days) of one or more other drugs, or documentation of a particular risk, such as stomach bleeding.

Step Therapy

Sometimes drug programs have additional "clinical edits and restrictions" which are similar to step therapy, for example, quantity limits on oxycontin unless there is a diagnosis comporting with severity. Many Pharmacy Benefit Managers (PBMs) have become more sophisticated in their handling of the steps, requiring less manual effort on the part of the patient—for example, the computer system may be able to screen for the necessary diagnosis so that the drug automatically approves at the pharmacy level, rather than requiring the participant to obtain a manual authorization from the doctor. A higher level of computerization means less effort on the part of the patient.

Step therapy is usually an adjunct to an existing contract. Drugs are ultimately covered in the same way, with the same co-payments and restrictions.

Step Therapy

Insights

(1)The advent of generics has made step therapy less advantageous than it once was.

(2)Plan design has taken over. I.e. an equivalent for Lipitor for less cost.

(3)The Plan will need to decide what the penalty is should the steps not be followed, or whether an appeals process will allow leeway for a physician to recommend overriding the steps. If the steps are not followed, does the prescription remain uncovered by the Plan? Is the prescription filled the first time, with a warning that the next prescription will be subject to the steps?

(4)As with high-cost injectables, the Plan will need to decide whether to allow the PBM the ability to change the steps as new drugs enter the market, or as new studies or safety warnings occur—or whether to bring recommendations on a regular basis to the Plan.

(5)The Plan may want to talk to the vendor about helping with the cost of initial and ongoing communications about the program.

Approved October 25, 2011

Minutes

Task Force on Employee Wellness and Consolidation of Agency Group Insurance

Tuesday, October 18, 2011

DHHS 401 Hungerford Road - Tan Conference Room

The meeting was called to order by Chair Bill Mooney at 8:05 a.m. The agenda order was changed to have the presentation from Ms. Walsh first followed by the presentation from Assistant Chief Administrative Officer Kassiri.

Approval of Minutes

There were no minutes for approval presented to the Task Force.

Request for Comments from Visitors

There were no visitor comments at this time.

Presentation - Laura Walsh, CEO, Associated Administrators, LLC – "Contracting for Disease Management, Specialty Pharmacy, and Step Therapy."

A handout of the presentation slides was provided to the Task Force.

Ms. Walsh described her work as a third-party administrator for multiple health care funds, many of which are Taft-Hartley Funds.

Cost containment was a major issue in the 1980s, this is when things like mandatory second opinions, hospice care, subrogation, and coordination of benefits were put in place. Starting in 2001, efforts such as disease management and drug step-therapy came along. Major issues for funds are containing cost for diabetes, heart disease, COPD, or people with medical expenses reaching a certain dollar threshold.

The plan vendor has a role in getting data to the disease management vendor on the diagnosis of the patient and information on hospitalizations. This is needed to locate the patients that you are trying to identify for intervention. It needs to be clear between the parties how people will be identified. One of ways you can test quality of a disease management company is to review the sophistication of their disease management modeling and how they identify people for services.

Most of the disease management is through postcards, phone calls, and health coaches. Some of the disease managers interact with medical providers by getting back in touch with medical providers on best practices. They may also identify providers that are doing particularly well in treating certain illnesses, such as asthma.

The funds Ms. Walsh works with have generally gotten consultants to bring forth several disease managers to be interviewed. Slides 6 and 7 of the presentation provide a list of things that should be addressed in selecting and contracting with a disease manager. Metrics can include return on investments and number of interventions. Many contracts have a required Return-on-Investment (ROI) of at least 1-to-1 but some are as high as 1-3. Vendors need to be pressed to explain how they will prove savings through avoided hospitalizations or other procedures. Funds also need to decide if disease management will be mandatory.

Examples of reports from vendors are provided on slides 9 and 10.

Specialty pharmacy programs focus on very high-cost drugs. More and more treatments are based on the use of very expensive drugs that have no usual and customary charges associated with them. These are usually self-injectable drugs. The program will have the drug delivered directly to the patient's home for self injection instead of obtaining the drug in the doctor's office. There can be substantial savings; some drugs may cost $5,000 in a doctor's office compared to $1,000 for home delivery. Patients generally like these programs because of cost and convenience. Information must be HIPAA protected.

Slides 14 and 15 provide items that should be included in contracting. The contract should be clear on who is identifying the patients for these programs and what information is needed to determine there is a diagnosis that may require a specialty drug. Co-payments should be determined in the contracting process. Specialty drug contracting is some of the most complicated.

Step Therapy requires that certain generic or preferred drugs be used before a brand drug. Because of the proliferation of generic drugs and building this into the plan design, separate step therapy is becoming less popular and somewhat obsolete. Step Therapy is usually an adjunct to the pharmacy contract. Considerations in setting up programs include what the penalty might be for not following the step program and whether doctor notes are allowed.

A question was asked about who owns the patient data. Ms. Walsh said that the plan owns the data but that the patient has the right to access the data. There is a HIPAA business-associate agreement in place. In Taft-Hartley the Trustees don't see the data but the plan administrator does have access. The processor of the claims feeds the data to the disease managers and also needs HIPAA protection.

A question was asked about what issue there are when disease managers provide information back to the doctors on best practices. Are there complaints from doctors getting advice from outside disease managers on how to treat a patient? It seems unlikely that a busy doctor is going to take a phone call and take this information. Ms. Walsh said there is one disease management firm that specializes in telling providers when they are not following a best practice. The Disease Manager says that the providers are willing to listen and work with them. It was asked whether the Disease Manager was audited to see if this is an accurate reflection. Ms. Walsh said she expects so, but this is not something she has reviewed.

With regards to the ROI, the information in the slides is based on real data. The vendor will ask what would have normally been paid on a certain surgery or hospital procedure and measures what cost would have been expected had there not been disease management intervention. One $100,000 hospitalization that is avoided can cover disease management costs for months. In some contracts disease managers lose money if they cannot show the required ROI. If a large enough group is looked at, one can see savings relatively soon and in the long term. A disease manager may specifically tell you that John Doe did not have a hospitalization because of an intervention and that this is a cost savings.

A question was asked about how disease management is reported in a staff model HMO. Ms. Walsh responded that staff model HMOs have disease management already built in. In the contracts that are overseen by Ms. Walsh, there is not separate disease management for those in Kaiser because it is rolled into the model. They do not usually focus on or report back on a ROI.

A question was asked if the age of the plan participants is a part of the calculation for disease management because in different agencies in the county there are different numbers of older employees. Ms. Walsh said age is taken into account when the studies are done because as age increases chronic conditions increase.

Ms. Walsh was asked to stay and meet with the Wellness Committee to answer additional questions.

Presentation - Assistant Chief Administrative Officer Fariba Kassiri, Cross-Agency Resource-Sharing (CARS) Committee

A March 1, 2011 status report on the implementation of the recommendations of the CARS Committee was provided to the Task Force.

Ms. Kassiri shared that the CARS process began in February 2010 (FY 2011 budget process) as several focus groups that were asked to look for operational cost reductions through cost sharing across the agencies. It is a collaborative effort. Ms. Kassiri reviewed the different program areas such as utilities, fleet, facilities, and human resources.

The goal for the FY 2012 operating budget was savings of $1 million which was achieved.

Ms. Kassiri said that the next meeting of CARS is November 7, 2011 in the Rockville Library at 2:00 p.m. The group will get together twice a year. The meeting is open to the public. The agenda is generally and update from each of the subgroups.

It was noted that the items related to benefits are included on pages 10 and 11 of the handout. With regards to Item #5, consolidate the employee benefit plan offerings under on e administrative unit, the summary post FY12 which is a very vague timeline.

Ms. Kassiri said that items #1, consolidate benefit plan offerings, and #5, consolidate benefits plan offerings under one administrative unit, were deferred to a later date in part because they will take a significant level of effort to complete. Mr. Girling noted that items #1, #5, #8, consider a uniform plan design, are all part of the work of the Task Force because the County Council asked why the agencies wanted to wait so long to look at these proposals. These are complicated issues and Mr. Girling noted that he originally asked the Council for a Task Force reporting date of February but the Council wanted to hear recommendations earlier and set a November date. CARS has stepped back on these issues to be a part of the Task Force.

Councilmember Leventhal noted that the Council asked for a Task Force of highly credentialed people because this task is difficult, not because it is easy. The CARS report is positive but every time it is described as collaborative it also means that stakeholders who are invested in the way things are may be reluctant to change the status quo. The task Force may be able to bring forth good ideas and goals that will move the status quo and help the county to save money beyond what we can do now.

A question was asked as to whether there was there an analysis of how #1 or #5 would save money or whether it was it just an idea. Ms. Kassiri said that this was just an idea that was developed as a part of thinking about options in the budget.

Ms. Kassiri was asked to stay with the Consolidation Committee to answer any further questions.

The Task Force adjourned at 9:10 a.m. to work as the Consolidation Committee and the Employee Wellness Committee.

Attendees:
Task Force Members:

Sue DeGraba	Montgomery County Public Schools (MCPS)
Karen DeLong	AFSCME Local 2380
Joan Fidler	Public Member
Erick Genser	IAFF Local 1664
Denise Gill	FOP Lodge 35
Wes Girling	Montgomery County Government
Lee Goldberg	Public Member
Paul Heylman	Public Member
Tom Israel	MCEA
Rick Johnstone	MCPS
Jan Lahr-Prock	M-NCPPC
Mark Lutes	Public Member
Brian McTigue	Public Member
Edye Miller	MCAAP
William Mooney	Public Member
Richard Penn	AAUP
Gino Renne	MCGEO Local 1994

Farzaneh Riar	Public Member
David Rodich	SEIU Local 500
Carole Silberhorn	WSSC
Arthur Spengler	Public Member
Ulder Tillman	Montgomery County Government
Michael Young	FOP Lodge 30

Alternates:
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)

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