

Resolution No.: 17-107
Introduced: April 12, 2011
Adopted: April 26, 2011

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Councilmember Leventhal, Councilmember Elrich, Council President Ervin, Councilmember Navarro, Councilmember Berliner, Councilmember Rice, and Councilmember Riemer

SUBJECT: Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs

Background

1. The Council has historically provided strong support for the employee group insurance programs of the five County and bi-County agencies: Montgomery County Government, Montgomery County Public Schools, Montgomery College, the Maryland-National Capital Park and Planning Commission, and the Washington Suburban Sanitary Commission. The Council has also encouraged multiple measures to reduce costs. The Council recognizes that for the two bi-County agencies, M-NCPPC and WSSC, coordination with Prince George's County is required.
2. On December 9, 2003 the Council adopted Resolution No. 15-454, Policy Guidance for Agency Group Insurance Programs. The resolution endorsed a series of cost-reduction proposals made by the Council's 2003 Task Force on Health Benefit Improvements and by the Council's actuarial consultant, Bolton Partners. The agencies have followed through in several areas. For example, to achieve economies of scale, the agencies have jointly bid components of their group insurance programs. For new contracts that took effect on January 1, 2011, all five agencies jointly bid their medical, dental, vision, and life insurance programs.
3. Efforts to further contain increases in group insurance costs must remain a high priority. The combined FY11 group insurance budgets for all agencies (excluding WSSC) total \$393.6 million, \$314.6 million for active employees and \$79.0 million for retired employees. (Funding for retired employees is the annual pay-as-you-go amount only and does not include the much larger cost of pre-funding these benefits.) These costs are projected to continue to rise significantly in future years. The County Executive's FY12 Recommended Operating Budget projects that costs could increase an average of 10 percent annually through FY17.

4. The Cross-Agency Resource-Sharing (CARS) Committee, established in 2010, included employee benefits in its review of potential cost savings. Three components under review by a CARS subcommittee address consolidation and streamlining of agency group insurance programs:
 - Consolidate agency employee benefit plan offerings under fewer vendors;
 - Consolidate the offerings under one administrative unit; and
 - Consolidate the offerings under a uniform plan design.
5. The CARS subcommittee estimates that the potential annual savings from the first component is \$2-4 million, depending on the degree of consolidation. The second and third components have the potential for additional savings, also depending on how they are constructed and implemented. One example of current agency consolidation is the Montgomery County Self-Insurance Program, which is administered by the Finance Department. The program provides comprehensive property and casualty insurance for the County and participating agencies and is funded through actuarially determined contributions they provide.
6. The Council strives to improve the health of all residents of Montgomery County and believes that health care plans should not just focus on how an employee's health care costs are paid for but how our health plans and programs can be used to improve the health and well-being of our employees. In addition, experts have told the Council that the cost of providing health care can also be reduced by increasing employee wellness, which will decrease the dollars needed for treatment and medications.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

Access to affordable health care for all employees and all residents of Montgomery County is a primary goal of the Council.

A Task Force on Employee Wellness and Consolidation of Agency Group Insurance Programs is established by the Council to identify as much cost containment in employee health coverage as possible.

1. Members of the Task Force will include, but are not limited to, representatives from County Government's Office of Human Resources and Department of Health and Human Services, Montgomery County Public Schools, Montgomery College, M-NCPPC, WSSC, and bargaining unit representatives from the County and bi-County agencies. The Council will also seek members who are public health experts and representatives from County businesses with employee wellness programs. The Council will appoint a Chair and Vice Chair.

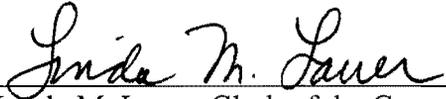
2. The Task Force will submit a report to the Council not later than November 1, 2011. The report should contain a plan including:
 - a. A review of employee wellness programs currently in place in County and bi-County agencies.
 - b. Information on models of employee wellness programs in both the public and private sector, including the success and outcomes of programs and whether there is evidence that health care costs have been reduced over time.
 - c. Recommendations for establishment of or improvements to employee wellness programs in the County and bi-County agencies. These recommendations should be developed in a framework that minimizes administration and the number of vendors that might be required.
 - d. A comparison of the major provisions/benefits of the health plans currently offered to employees and retirees and an analysis of why costs may vary.
 - e. Recommendations on how to streamline and reduce the current cost of administration, including how to:
 - Consolidate agency employee benefit plan offerings under fewer vendors;
 - Consolidate the offerings under one administrative unit; and
 - Consolidate the offerings under a uniform plan design.
 - f. Recommendations regarding other cost containment strategies and options.

In order to best use the time and expertise of Task Force members, the Task Force may be organized into committees to focus separately on the issues of: (1) employee wellness and disease prevention programs, and, (2) consolidation of plan design and administration.

If, in its November 1 report, the Task Force identifies issues requiring further study, the Council may extend the time for the Task Force to conclude its work.

The Council acknowledges that employee benefits are subject to bargaining for each bargaining unit.

This is a correct copy of Council action.


Linda M. Lauer, Clerk of the Council