

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
APRIL 28, 2011 COURTHOUSE

MINUTES

MEMBERS PRESENT:

MAYOR BURGESS
MERRY HICKERSON
PAULA BARNES
ALLEN MCADOO
JEFF SANDVIG
JOYCE EALY
WILL JORDAN
BILL SELLERS
GREG HALL
REGINA HARVEY
ELIZABETH CRACE
DONNIE HESTER
JOE RUSSELL

OTHERS PRESENT:

EVELYN ANDERSON
SONYA STEPHENSON
MELISSA STINSON
PAUL HUFFMAN
LISA NOLEN
JANET BOWMAN
JEANNIE HERNDON
DAN GOODE
KELLI PERRIEN
KED MARSH
AUDIENCE

APPROVE MINUTES:

A motion was made by Mr. Sellers to approve the minutes from the last Benefits & Insurance Committee meeting on March 22, 2011. The motion was seconded by Susan Boney and passed unanimously.

FINANCIALS:

Mrs. Stinson, Insurance Director, reviewed the March Insurance Fund 264. The PEPM cost is \$733.13, last year at this time was \$697.74, making the YTD \$663.79. Adding the CareHere results, the total PEPM is \$763.34, making the YTD \$692.65, a trend down of -5.1%. The net OPEB obligation at the end of March is \$38,780,650. The Work Injury Fund (266) year to date expenses is \$721,156.60; prior year is \$770,546.08 with one settlement paid out of the current fund this month.

WC/OJI STATS:

Dan Goode, Safety Coordinator, presented the OSHA Report for March. There were 24 accidents in March, 73 YTD. Of this, 44 are recordable with 18 having restricted days and 8 lost day's claims. The County General had 14 claims, total incurred is \$16,320.00. The Board of Education had 9 with \$12,450 incurred, and the Highway Department had 1 claim at \$1,320.00.

WELLNESS UPDATE:

Kelli Perrien presented the March wellness report. A lunch and learn was held on stress reduction with 40 in attendance. Other wellness events included a grocery shopping tour, a weight management class, and diabetes management. Upcoming webinars are online with program date and times found on the HR intranet calendar and for BOE through James Evans New & Notes. There are several upcoming activities in May which include an HRA clinic, emotional, nutrition, and financial wellness classes.

RETIREMENT BENEFITS PLAN DOCUMENT:

Mayor Burgess introduced the Medical Plan Eligibility and Benefit Information document as an updated format. This document has been reviewed previously by the Committee and GASB sub-committee, and legal staff. The Mayor stated this document will be utilized for clarification of what had already been presented and approved.

Mrs. Stinson stressed that this document be utilized anytime retirement benefits and eligibility are discussed.

LTD CONTRACT:

The long term disability contract currently with Hartford expires 12/31/2011. Mrs. Stinson requested that LTD be put out to bid to get the most desirable rates.

A motion was made by Merry Hickerson to recommend that the LTD RFP (request for proposal) be put out to bid; the motion was seconded by Regina Harvey and passed unanimously.

ON-SITE CLINIC FINALIST:

Mrs. Stinson informed the Committee that on January 24th, the RFP was released for the on-site medical clinics. The Purchasing Committee opened all bids received by the deadline of 4 p.m. Four bids were opened: Concentra, CIGNA, Healthstat, and TakeCare.

The value of the contract being proposed for each company, except Concentra, was read during the purchasing committee meeting. The proposal by Concentra required additional review as an aggregated

financial sheet had not been submitted as part of their RFP. It was determined that incomplete financials were presented by Concentra. The categories that were utilized during the evaluation were financial proposal, services available, technology used by the vendor, and accessibility, member interface and carrier coordination. Based on the lack of a complete financial proposal, Concentra was not selected as a semi-finalist. HealthStat, CIGNA, and TakeCare were selected as a semi-finalist for evaluation.

A motion was made by Greg Hall to concur with the findings of the subcommittee to eliminate Concentra as one of the finalist's due to incomplete information and a lack of financial proposal. The motion was seconded by Paula Barnes and carried unanimously.

A handout was reviewed with the 3 remaining companies and the 2010 on-site medical cost. The three semifinalist's were requested to present to a subcommittee consisting of Lisa Nolen, Finance Director, Sonya Stephenson, HR Director, Joe Russell, Chief Deputy of Administration, Merry Hickerson, Highway Administration, and Paula Barnes, Assistant Superintendent of HR and Student Services for the Board of Education. Mrs. Stinson was also present during the interviews to facilitate the process.

The presentations occurred over a 2 day period, April 11th and 12th. Following the presentations, the subcommittee met to discuss the vendor's overall performance based on their evaluation for each of the identified categories. The subcommittee recommended that CIGNA and TakeCare be presented to the Insurance Committee for consideration. HealthStat was not chosen because their cost exceeded 2010 calendar year cost and lack of a local presence.

The start-up costs were addressed first. Each vendor submitted proposals on the premise that they would completely furnish the clinics if awarded the contract. Once the contract is awarded, the selected vendor would audit the clinics and adjust cost based on the need analysis. Both vendors have indicated the cost would be substantially less due to the established clinics already existing. The program cost includes the management fee and expenses related to the clinics not defined elsewhere. Supplies and lab costs include clinic supplies and lab costs associated with the primary care services and HRA's. Personnel cost is the labor cost for clinic staff. CIGNA is proposing 9 full time employees' (1 medical doctor, 3 nurse practitioners, 4 medical assistants, and 1 office personnel support). TakeCare has proposed 11 full time employees, (1 medical doctor, 3.5 nurse practitioners, 3.6 medical assistants, 1 health educator, and 2 office personnel support). The clinics are currently being staffed by 5 full time employees and 9 part time or PRN clinical staff assigned to the Rutherford County clinics.

If awarded the contract, each vendor has agreed to allow Rutherford County to use a name of choice for the clinics and have agreed to work with the County to allow the providers to remain at the clinics if the County would so desire at any time that contract is replaced through a future RFP. Recognizing that professional relationships develop between the provider and the patient, it is important that future arrangements enable the County to continue with the established providers regardless of the vendor awarded contracts pertaining to the on-site clinics. Unlike our current arrangement, the providers will be solely dedicated to the clinics operated at Rutherford County Government, and will not be used in other clinics nor will a physician also have a private practice.

Pre-packaged medication costs are built in to the overall cost. CIGNA has built in \$10,000 for pharmacy and TakeCare has built in \$66,847. From January 1, 2008 – December 31, 2010, there was over a 130% increase in cost for pharmacy in the clinics. The cost proposed by the vendors is based on their book of business and or the national statistics regarding prescription distribution. Based on the satisfaction survey, pharmacy at the clinics is one of the biggest complaints of employees. Recognizing the difference in the actual vs. proposed cost, and that lack of available medications in the clinics continues to be one of the top complaints by employees, it will be important that the pharmacy utilization is closely monitored as we move forward.

Information Technology includes cost such as licensing cost, equipment needs, reporting, electronic medical records and expected vendor data integration cost.

CIGNA currently offers an on-line HRA (Health Risk Assessment) through their medical administration arrangement with the County. CIGNA On-site Medical has proposed continuing to use this arrangement. Although there is not a current cost being charged by CIGNA On-site Medical, it is feasible that additional cost for this service would be incurred by the County should we move from CIGNA as the medical administrator. TakeCare did not originally provide pricing for the HRA's, but the expense for the HRA's has been included in the overall annual cost of \$1.7M. Encounter processing is the transmittal of clinic information through an electronic medical records process. The fee associated with this process can be broken out or included in the IT cost. TakeCare broke out this cost in their proposal. CIGNA does not currently have a fee since the County uses CIGNA for medical administration. It is assumed we could expect additional cost should we move from CIGNA as the medical administrator.

The total expected cost reflects the total amount of the proposal as originally submitted and prior to additional cost being identified based upon available services noted during the interview. Total expected cost for HealthStat is \$1,670,347, TakeCare \$1,539,712, and CIGNA \$1,464,210. Additional costs not included are for additional staffing and lab cost; HealthStat \$176,208, CIGNA is \$27,525 and Take Care is

\$213,805. The annual cost (excluding start-up cost) is \$1,846,555 for HealthStat, \$1,753,518 for TakeCare, and \$1,491,462 for CIGNA. This reflects combined total of proposed and additional cost. In the event the County changed medical administration vendors, additional cost with CIGNA On-Site Medical could be incurred for Wellness, HRA's, and data integration.

Mrs. Stinson verified that after reviewing all the information and discussions with panel members of the review subcommittee, TakeCare and CIGNA were recommended as the 2 finalist to present to the Committee. HealthStat was eliminated based on cost and lack of a local contact; there would be additional charges incurred by HealthStat such as travel expenses to attend monthly meetings.

A motion was made by Merry Hickerson to eliminate HealthStat based on cost and lack of local presence; to approve CIGNA and TakeCare as the 2 finalist, and allow them to present their information to the Committee today. The motion was seconded by Paula Barnes and after discussion passed unanimously.

Mrs. Harvey asked Mrs. Stinson about the current personnel in each clinic. Mrs. Stinson explained that with the current staff today, the County would no longer have access to them. However, if a new vendor is selected, the County will have the ability to retain access to the medical staff within the clinics. Regarding pharmacy, both finalists will have the ability to have better tracking on medication, as they have a reconciliation process. The driving factor for pharmacy cost is the type of condition treated at the clinics. Pharmacy cost were around \$86,000 at the end of 2007, however, at the end of 2009 costs had increased to around \$190,000.

Each finalist was given 15 minutes to address the Committee followed by questions and answers after each presentation. The first presentation was done by CIGNA, attendees were Michael Slice, VP of Operations, Dr. Edward Schwartz, Medical Director, Peter Gaddi, Business Development Manager, and Mitchell Weissman, Business Development Lead. CIGNA reviewed their program, financials and performance guarantees followed by questions and answers.

TakeCare Health Systems (Walgreen's) was represented by Trent Riley, VP of Operations, Rochelle Broome, MD, VP, National Medical Director, Clay Elder, VP Strategic Accounts, Daphne Reid, Director of Implementation, Joe Rosata, Director of Sales, Katie Lubbers, Senior Director Population Health, Adam Terry, Manager Employer Worksite Pricing, and Cory Mathis, Pricing Analyst Employer Worksite Pricing. They also presented an overview of their company and answered questions.

After the presentations, Mrs. Stinson stated that both vendors could refill meds through an online refill request; this service is not available with the current vendor. She also reviewed the findings of the subcommittee. The evaluation extended to a detailed review of the services being proposed. Areas of particular interest, based on the results from the most recent clinic satisfaction survey, were the number of appointment times being proposed, the process of obtaining an appointment, dedicated staff, the availability of medications at the clinics and the ease of obtaining refills. Other factors included the experience level of the vendor, the clients currently using their service, and the availability of other programs offered by the clinic. Favorable points for CIGNA include, the integration of data since we currently use them for medical administration and the expectation that they would provide a good service based on our existing relationship. There is concern for the unknown cost related to the clinics should the County ever move from CIGNA medical admin, having so many County programs invested in CIGNA and how that may affect our ability to make changes when needed, and the experience level of CIGNA with the On-Site medical clinic management. TakeCare was considered to have a greater portfolio of services, better experience in managing on-site clinics as demonstrated through their client list, and the ability to increase clinic utilization through their appointment scheduling model while offering a program expected to cost less than in the prior year. The subcommittee spent a considerable amount of time discussing the vendors and their proposals. Both vendors agreed to allow the County to brand the clinic with a name of our choice, so that if vendors change in the future, we can keep our name attached to the clinics. After much deliberation, the subcommittee unanimously indicated that TakeCare offered the better overall program.

Mr. Sandvig asked about dedicated staff with the new vendor. Mrs. Stinson explained that yes, the employees would be attached to the clinics alone. Currently, some of the physicians are contracted by CareHere, but also have private practices elsewhere. Another concern addressed was the difference of about \$5 PEPM between TakeCare and CIGNA. The PEPM cost based on 2010 average enrollees is \$32.61 for TakeCare, and \$27.34 for CIGNA. In the event that the County changed medical providers, there is an unknown cost associated with CIGNA that would be incurred for Wellness, HRA's, and data integration.

Mrs. Hickerson noted that appointments will be made locally, not outside the County as it is currently being handled. She added appointment time will be utilized more efficiently by the method of scheduling offered by TakeCare. The difference of \$5 PEPM is there, however, there is experience difference of 16 years between the 2 finalists for on-site clinics, and a difference of 180 clients that they serve. She noted that you get what you pay for. Rutherford County was CareHere's 2nd client; CIGNA has less than 5 on-site clinics. A good benefit for TakeCare is that they are at Walgreen's and it is possible that in the future the County may be able to utilize this for after hour's appointments.

A motion was made by Mrs. Hickerson to recommend TakeCare as the new on-site vendor effective September 1, 2011 based on positive comments she made regarding appointments, experience, possible future use of Walgreens facilities, and to give the Insurance Department the right to make minor adjustments to any items of concern in the contract, if needed. The motion was seconded by Elizabeth Crace and after discussion, passed unanimously.

2012 RATES:

Mrs. Stinson reviewed a handout regarding rates for 2012. She reminded everyone that Health Care Reform (HCR) stipulates that each individual option is viewed as its own entity. In 2018 premium must match experience in each option. The County has 6 years to adjust premiums for this. In reviewing the premium needs handout, if HCR took effect next year, Option 1 would require a 32.6% increase, Option 2 6.7% increase, and Option 3 has enough current funding levels to support claims experience. Currently, our plans are trending down, as we are having a great year for medical claims experience. If the County continues this trend, we can reasonable assume we will have enough premium contribution and funds for the upcoming HCR mandate. Mrs. Stinson recommends no increase in premium to Option 1, 2, and 3 for 2012. The only increase needed is on Retirees Post 65 to get the spousal contribution rate up to 50%. The single rate for Grandfathered post 65 rate will not increase, the Two-party rate will increase by \$3.78, the 1 Over 1 Under rate will increase by \$2.79, and the Family rate will drop by \$0.04 as they are at the adequate rate. She also suggested looking at the rates more than once a year to have time to get ready for HCR over the next 6 years. Dental rates are also appropriate as they are today; therefore, no adjustment is necessary for dental next year.

A motion was made by Merry Hickerson to approve the rates as presented for medical, dental, and Pre 65, with no premium increase to the active employees, an increase on medical for post 65 rates with step increases, where applicable. The motion was seconded by Will Jordan, who suggested the County continue to review rates on an annual basis. Mr. Sandvig questioned the rates for Post 65 Non Grandfathered rates, and after discussion, it was noted that those rates included step increases proposed on the handout. The motion passed unanimously.

CCMSI CONTRACT RENEWAL:

2011-2012 renewal quotes for Rutherford County and Board of Education were reviewed by Janet Bowman, Account Manager CCMSI. The renewal is effective July 1, 2011. Property coverage was quoted with a new carrier, Travelers. The rate remains the same as with the prior carrier and a slight increase in insured values. The expiring quote is \$367,862.00 and quoted premium is \$358,184, a difference of -.2%. Terrorism was built into the prior carrier at 2.5 million, and with Travelers it is an automatic 10 million. It was quoted with Travelers with a premium of \$3,618.00 for the policy limit of 100M bringing the total due to \$361,802.00. Last year, Terrorism was excluded at the full limits, if it is excluded again; the full premium is \$358,184 (10M included). For crime coverage, the carrier is Great American and the rate remains flat with no changes at \$8,900.00. Casualty coverage is with Ace USA with an expiring premium of \$14,031 and a new quoted premium of \$15,067.00 (difference of 3%). The limits and retentions are the same for this coverage. The exposure limits for Property are up slightly, and Casualty coverage is down, particularly vehicles. Mrs. Bowman said they are doing some cross checking on the number of vehicles as it dropped from prior year. Casualty now includes the Fire Department. The Crime/Public Officials & Educators Legal Liability was increased in number of employees and students.

After questions and comments, a motion was made by Jeff Sandvig to approve the renewal quotes as presented and forward to the Budget Committee. On the Casualty piece not to include the optional quote for Terrorism Risk Insurance Act (TRIA). The motion was seconded by Merry Hickerson and passed unanimously.

ADJOURNMENT:

The meeting was adjourned at 3:23 p.m.

Mayor Burgess, Chairman
Rutherford County Benefits & Insurance Committee