

Greater Tompkins County Municipal Health Insurance Consortium
Owning Your Own Health Committee
April 26, 2016
2:30 p.m.
Legislature Chambers

Agenda

1. Call to Order (2:30) Schiele

2. Agenda Changes (2:30)

3. Approve Minutes of March 22, 2017 Meeting (2:35)

4. Executive Director's Report (2:37) Barber
 - a. Education Retreat
 - b. Topics at other Consortium committee meetings
 - c. CanaRx Update
 - d. Blue4U update

5. Healthy Meeting Resolution (2:50)

6. Discussion "Making the Case for Consortium-wide Wellness Program (3:00) Barber

7. Discussion of Promoting the Concept of Wellness: (3:20)
 - a. channels, methods, & resources for reaching our audience
 - b. Inter-municipal Competition for Wellness Focus

8. Next Agenda Items (3:45)

9. Adjournment (3:50)

Next meeting: May 24, 2017

**Owning Your Own Health Committee
Minutes – Draft
March 22, 2017
Legislature Chambers**

Present: Ted Schiele, Leslie Moskowitz, Beverly Chin, Jackie Kippola
Guests: Don Barber; Beth Miller, Nina Butler, Ken Foresti, Excellus

Call to Order

Mr. Schiele, Chair, called the meeting to order at 3:35 p.m.

Changes to the Agenda

There were no changes to the agenda.

Approval of February 22, 2017 Minutes

It was MOVED by Ms. Kippola, seconded by Ms. Chin, and unanimously adopted by voice vote by members present, to approve the minutes of February 22, 2017 as submitted. MINUTES APPROVED.

Executive Director's Report

CanaRx

Mr. Barber distributed a draft outline of the upcoming educational retreat to be held on May 10th and asked that members share any thoughts they have. Ms. Kippola suggested that the benefit clerks be invited to attend as well. Ms. Chin questioned what impact changes at the federal level would have on the Metal Level Plans and Mr. Barber said the health insurance companies are happy with the plans and the actuarial values have trued up on a regular basis so the benefit plans aren't continuing to change without the role of the patients being adjusted. Ms. Miller said the Plans within the Consortium followed what was happening on the community-side and when new towns and villages joined it was important to have them. They are now part of the Consortium and regardless of what happens at the federal level the plans are working and will continue to be maintained.

Mr. Barber reported on work of the other Consortium committees and said a look is being taken at adding a fourth prescription drug tier for specialty drug medications; however, it was learned that the co-pays for a fourth tier could not be any higher than tier three for name brand drugs. ProAct has been asked to look into this further but at this time it appears this is on hold.

Mr. Barber reported the Joint Committee works on reviewing actuarial levels to make sure they are in line with the required levels. At this time it appears, according to Locey and Cahill, that all plans except the Silver Plan are in line. Excellus will be running these plan through their calculator and if the Silver Plan's actuarial value needs to be adjusted, the Joint Committee on Plan Structure and Design will be talking about adjustment to be made to the Plan.

The Audit and Finance Committee is working through an audit of medical claims which has been recommended by the Department of Financial Services. There are some items that need further discussion with Excellus and will possibly need action by the Board of Directors. The Consortium also received its actuarial report which reports the Incurred But Not Reported level for claims for 2016. Under the State requirement the Consortium has to maintain a level of

12% of paid claims for ~~the~~ this Reserve. It has been confirmed by the Actuary was the 2016 IBNR is 7.45% which means the Consortium's 12% IBNR Reserve is more than adequate.

Blue4U Program Update

Ms. Miller reported they will be closing out the beginning of the Blue4U Program that was open January-March. Ms. Butler reported that as of this time five individuals have requested packets for the lab testing; however, she will not know the final number until the test lab closes at the end of March. She explained how a lab requisition packet is obtained by members and at this point their records do not indicate that those individuals have not yet completed the testing. The estimated number of people who are eligible for the program because they are in a Metal Level Plan is 130. Ms. Miller said she can provide the actual numbers; however, this would represent a level of participation of between 3-4%. Mr. Barber said in 2016 there were six individuals who requested the packet and three completed the testing. Mr. Schiele asked if there is one method of communication used for the program that tends to get a better response. Ms. Butler said it depends on a number of factors, but thinks a lot of what drives it is how employees are motivated such as providing an incentive versus having strictly a voluntary program.

RESOLUTION - ADOPTING GUIDELINES FOR HEALTHY MEETINGS

Mr. Barber distributed a draft resolution for the Committee's consideration based on discussion that took place at the Worksite Wellness Coalition and noted suggestions have been received since it was distributed and have been incorporated.

Mr. Schiele said he thinks it is worthwhile for the Board of Directors to consider a policy establishing guidelines for healthy meetings and to set an example for municipalities. He said some of the items in the resolution appear to be outdated and suggested amending the third paragraph to read: "At meetings and events where food will be served, we understand the value of providing healthy choices to accommodate a variety of needs. It is understood that attendees may have dietary restrictions" and not include a detailed list of bullet-points. Ms. Kippola agreed and said it seems like a good meeting practice and questioned the need for it to be in the form of a resolution. Mr. Schiele spoke in support of adopting a policy by resolution and it was agreed that he would revise and recirculate the resolution with the intent to have it considered at that time.

Resolved, that the Owning Your Own Health Committee recommends that the GTCMHIC Board of Directors adopt the following commitment and guidelines for healthy meetings:

Commitment:

We are committed to supporting good health for our volunteer leadership and employees and to modeling a healthy lifestyle.

Guidelines:

At meetings or events lasting longer than 60 minutes, we will encourage employees to take care of their comfort needs, and we will schedule appropriate break times and physical activity breaks.

At meetings and events where food will be served, we understand the value of providing choices to accommodate a variety of needs. This may include:

- A variety of delicious and colorful fruits and vegetables

- Tasty salad toppers such as low calorie salad dressings, nuts and seeds, beans, and low fat fruit and vegetable dips
- 100% fruit and vegetable juices, Unsweetened tea, or Water
- Other healthy items such as whole grain breads, nonfat dairy products, lean meats, and minimally processed products

Continue Discussion of Promoting the Concept of Wellness: Channels, Methods, and Resources

Mr. Schiele said unless there is a way to get information out to people an inter-municipal competition for wellness will not work. He said although the newsletter is one vehicle it doesn't have the frequency that is needed. The following suggestions were made:

- There be a champion at every site that has a checklist of goals that need to be accomplished;
- Develop a concrete plan for every activity that could be further customized.
- Creating a website that is not based on the Tompkins County template that is simple, accessible, and easy to understand. Short e-mails could then be sent out that contained an easy link to follow. He suggested Mr. Barber look into whether Jen Jensen, the Newsletter Editor, would be willing to design a website.

Ms. Kippola referred to a website developed by a consultant for the Jail that developed a website that is easy to understand and suggested something similar could be done. The website is <https://www.cgr.org/TompkinsCrimJust/>

Next Agenda Items

The following items will be included on the next agenda:

Continued discussion of marketing for a Consortium-wide wellness program;
Inter-municipal Competition for Wellness Focus; and
Discussion of document entitled "Making the Case for Consortium-wide Wellness Program"; and
Resolution adopting Healthy Meetings Guidelines

Adjournment

The meeting adjourned at 4:33 p.m.

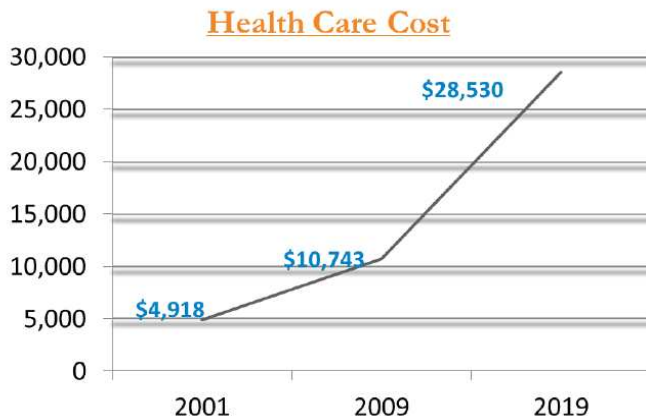
To: Owing Your Own Health Committee
From: D. Barber - Executive Director
Date: March 20, 2017

Re: Making the Case for Consortium-wide Wellness program

Background-

Since 2013, the Owing Your Own Health Committee has been meeting to collaborate, research, and debate preventative care (wellness) initiatives that could be offered to covered lives to support them in their efforts to stay healthy. Some of the outcomes of that committee work were: Consortium sponsored Fall flu clinics at work sites from 2014 to the present, developed Board Resolution 015-2014 regarding wellness policy, determined that bio-metric screen is an effective tool for early diagnosis of chronic disease and held a comparison test between two firms with the cities of Ithaca and Cortland that resulted in bio-metric screen and coaching as the “wellness benefit” to the metal level plans, and encouraged the Board of Directors to include wellness in the Vision Statement: “...The Consortium promotes a culture of preventative health care for the well-being of its members.”

It is important to revisit why it is in the best interest of the Consortium to create the Owing Your Own Health Committee developing strategy and action plans to keep our covered lives healthy. Initially the Consortium has a Strategic Planning Committee which was a community resource of providers, other consortiums and other large groups that quickly focused on wellness and preventative health care were the clear direction. Intuitively, we know that healthy members generate very little health care expense. This healthy population’s premiums pay for claims costs of those needing health care. Review of Medical utilization data from Excellus year after year shows us that 18% of our population incurs 80% of the claims costs. (This ratio is fairly standard across the US.) Excellus regional data and national studies show that members with chronic conditions make up 35% of the total patients and account for 64% of the total claims spend. Chronic conditions are diseases of the lung, kidneys, and heart, obesity, diabetes, hypertension, back pain, cancer, asthma, arthritis, allergies, sinusitis, depression, and high cholesterol. Most chronic diseases are very easy to treat if found early. These patients are moved from high risk and cost to medium and then low risk with medically supervised programs. And intuitively we also know that healthy persons miss less work, heal quicker, and tend to be more productive at work and enjoy recreational activities more. The Consortium Board actions to date recognized all of these attributes of promoting wellness.

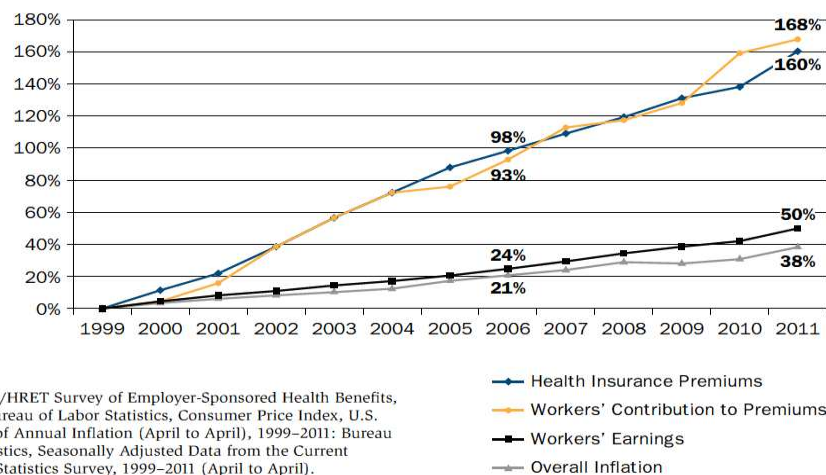


Source: WELCOA / Wellness Council of America

In the US health insurance has been the employer’s responsibility. So encouraging preventative programs would naturally fall to the employer who stands to gain as much as anyone by having healthy productive employees and reduce claims spend. Many employers take advantage that their work place is their prime social network and therefore a great place to build a culture of wellness. Health Insurance is a significant cost to employers and is becoming the major portion of compensation increase. See the chart below showing wages and inflation tracking nearly the same path since 1999 while health insurance premiums skyrocket. When insurance premiums flatten, both management and workers stand to gain with lower cost and more money in workers pocket. The Consortium is a great opportunity for management and workers because 93% of the total expense is for claims. Therefore the only way to flattened premium increases is to reduce claims. While the Consortium Board of Directors continues to seek actions to reduce expenses, the Board is aware that a proven way to reduce claims is to collaborate and cooperated to build a healthy population that values and practices preventative health care.

THE BUSINESS CASE FOR WELLNESS PROGRAMS IN PUBLIC EMPLOYEE HEALTH PLANS

Figure 1. Cumulative Increases in Health Insurance Premiums, Workers’ Contributions to Premiums, Inflation, and Workers’ Earnings, 1999–2011



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999–2011; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999–2011 (April to April).

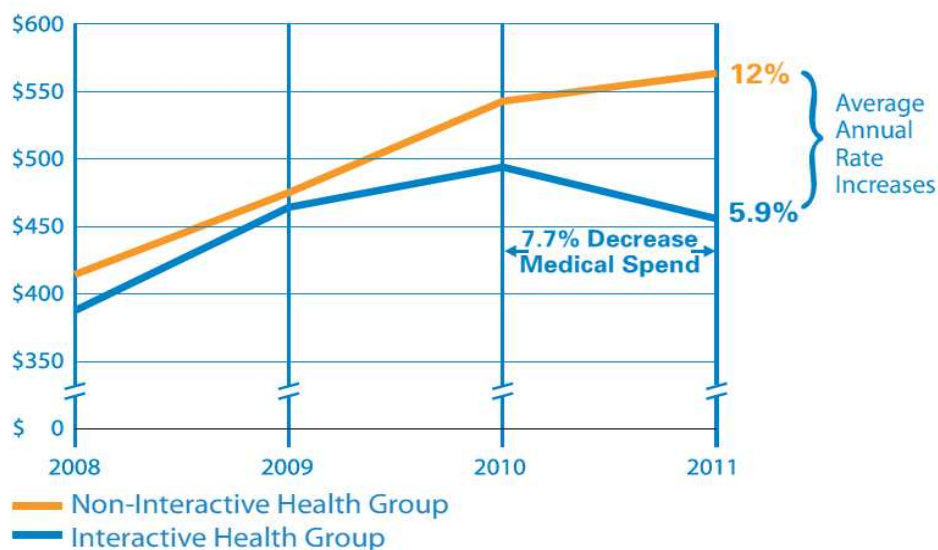
Wellness Programs Nationally

The Owning Your Own Health Committee has read a number of papers on demonstrated success of various styles of wellness programs. The Rand Corporation 2014 paper “Do Workplace Wellness Programs Save Employers Money”(1) stated that workplace wellness programming is a \$6 billion industry in 2014. In 2012 at least half of the employers with 50 or more employees had some form of wellness program. The committee came to appreciate that they would need to wade through a lot of marketing to determine which programs get results of both medical spend and healthy employees. The Rand study found that there are two general types of wellness focus programs: disease or life style management. The disease style management demonstrated a Return of Investment of 380% while life style was 50% and when combined at 150%. The life style analysis is couched in terms that this program will see its rewards many years out. For employer programs where the two are combined, the Rand study found that 87% of the employees participated in life style programs and only 13% used and benefited from disease management. On the flip side 87% of the program costs savings came from the 13% in the disease management program.

A 2010 study by Baicker et al (2) of a large number of programs nationally found 3% savings of wellness programs on claims spend but did not break out program types. But in all cases the companies being analyzed had a significant portion (on the order of 80%) employees and their dependents engaged in the wellness program. Interactive Health, who administers our Blue4U program, experience found that by aggressive marketing and buy-in at the top the maximum participation rate on a volunteer basis is 35%. Incentives are used by the successful programs to reach the 80% participation level.

Medical Spend (PMPM): Interactive Health Clients vs. Non-Interactive Health Employer Groups

Medical Spend (PMPM): Interactive Health Clients vs. Non-Interactive Health Employer Groups



These reports and other provided the baseline for the Owing Your Own Health Committee to focus on disease management due to the higher ROI and faster results. Also the Consortium would not have the authority to create life style culture initiatives which would be the responsibility of the employer. In a 2013 paper entitled “The Business Case for Wellness Programs in Public Employee Health Plans” by Clark and Morrill (3), they analyzed a number of program models and cited the OK Health model of Health assessments and Preventative Care to yield, after 3 years, 21% decrease in claims, 9% decrease in hospitalizations, and 34% decrease in doctor’s office visits. The Consortium’s Blue4U, like the OK Health model are both disease management programs

Blue4U is a HIPPA compliant program with these components:

- Completing a health profile
- Participating in a medical screening (blood draw and blood pressure)- your personal health report and health score are available online or via mail and can be sent to Primary Care Physician (PCP)
- With the results,
 - if you are at a high risk level you will be advised to see medical help immediately
 - all are offered health coaching
 - a quick check of medical screening in 6 months
 - health webinars
 - own personal portal on website
 - HealthFocus Courses

The program is renewed annually by the subscriber. The program cost is entered as one claim/year for the entire list of resources and activities. The savings and improved health outcomes from this program are identifying persons in high risk and treating them before they need hospitalization and working to move them to medium risk; and moving medium risk through early intervention to low risk. The American Heart Associations (2012) said 1 in 3 Americans has heart disease, 1 in 3 Americans has high cholesterol, 1 in 3 Americans has high blood pressure, and 1 in 3 Americans has pre-diabetes. Early intervention to initiate life style change reduces claims cost over 70%. For diabetes the savings is over 90%. (4)

Interactive Health, the firm that implements Blue4U, was audited by the Zoe Consulting Group in 2012 for financial results of their wellness program. The report titled “Proof Positive: Study Demonstrated Interactive Health Outcomes-Based Wellness Program Lowers Medical Costs and Increases Productivity” (3). The study is of 1400 employers using the Interactive Health disease management program in conjunction with corporate commitment to life style management for a population size of 130,000. The employers had participation rates of 80% or more. When compared to similar size and business type employers without this wellness program, the Interactive Health programs had medical claims spend drop 20% (\$5M potential savings for Consortium). Interactive health provided the OYOH Committee with third party data that found that the return on investment of individual customized wellness screening and coaching programs with

voluntary participation at 1/3 of the total covered lives saved 7% in medical claims spend after 2-1/2 years (\$1.75 M for Consortium).

What's next?

The OYOH Committee has been struggling since its inception with how to recommend the Consortium should support wellness initiatives within the Consortium. Wellness programs can be disease management or life style management or a combination of both. Life style management is especially attractive for municipal employees because they tend to stay with their employers for the long haul and often times municipal employers are involved in providing retirees access to health insurance. However our partners are of varying size some with as few as 2 employees and all partners are under significant financial stress due to state taxation policies. The savings of wellness program would accrue directly the Consortium's bottom line because the Consortium is community rated. In spite of the many reasons for employers to sponsored wellness programs that would build a culture of valuing preventative health care, such an expectation is unrealistic at this time. Therefore wellness programs would need to be Consortium sponsored programs.

Consortium Wellness Program Options

The role of the Board of Directors and its advisory committees is to oversee operations and develop strategic plans to meet the mission of the Consortium: "...that provides high-quality, cost-stable health insurance for members and their employees and retirees." The Board of Directors have created a very efficient operating model with 93% of premiums paying for claims and is ever vigilant in adopting actions that control costs in this highly inflationary business with initiatives like metal level plans that are based on stable actuarial value and purchasing certain medicines from CanaRx. The Consortium through its Joint Committee and newsletter have been educating subscribers of the cost savings of generic drugs and factors for choosing service provider between Primary Care Doctors, Urgent care, and Emergency Room. The Consortium has implemented wellness initiatives such as Flu clinics and the Blue4U as a benefit of those subscribing to metal level plans. But the background information above shows that there is significantly more savings to the subscriber and the Consortium by aggressively pursuing disease and lifestyle management wellness programs.

Creating a culture of wellness takes time both at the management level and for the subscribers. Learning from others, it seems appropriate to begin with disease management programs with an eye toward lifestyle management format. It is possible for our medical claims administrator, Excellus, to assign claims for an ala carte Blue4U program to the Consortium and not a specific benefit plan. In this structure both the cost and savings accrued to the Consortium.

Should the Consortium start with the aggressive marketing approach, based on past Interactive Health experience then roughly one third of our members would sign up (1500). The cost per year at \$150/Blue4U claim is \$225,000. If the projected savings holds at 7% of medical claims in year 3, then the savings would be \$1,750,000 from a three year investment of \$675,000. This is a flattening of the growth curve, so the return on the investment will continue to grow over time. After this initial investment in disease management, the Consortium could expand the program by incentivizing through cash disbursements to move to life style management. The goal could be to get 80+% utilization. Naturally all programs reaching this threshold are incentivized. An article in Government Financial Review, April 2014 provides guidance on well-designed incentive structure which focuses on desired

outcome, gives rewards as soon as possible, makes incentives highly visible, and big enough to get subscribers attention.

The 2015 Interactive Health Guideline to Incentive Design showed that incentives on the order of \$300 to \$600, would yield participation rates between 50% and 80%. A quick thumbnail today's dollars of cost vs investment: \$500 incentive *4000 members + claim cost (150*4000) = \$2.6M investment. Projected savings= 20% of \$25M = \$5M. The visual below of the flattening curve shows the savings continues to grow and outpace the inflation in spend.

This program unlike any the Consortium has instituted to day requires a significant investment, but unlike any other program has the potential for savings that result from structural changes in need of health care services. Evaluation, tracking, and modifying the Consortium wide wellness initiative are critical to managing it properly. One aspect of creating effective wellness programs of this type is to establish team leaders at worksites who lead the effort to social change in awareness and adoption of preventative health care as a societal value. This aspect would require the municipal partners to make a commitment to the program.

There are other benefits that will accrue to the partners of the Consortium. In some cases the rewards will be realized by the Consortium and in other cases the rewards will go directly to the partner. One benefit that could accrue to the Consortium is the lower claims cost of retirees covered by Consortium plans during retirement. A study by American Health Association showed that early establishment of good life style choices pays big dividends in later years.

Other benefits of wellness programs are reduced workers comp claim. The Zoe Consulting Group study discovered that those using the Interactive Health program at the 80%+ participation rate saved an average \$2,554 per workers compensation claimant and \$541 per short term disability payment. Employees returned to work 11 days sooner from Workers comp injuries and 16.8 days sooner from short term disability. These savings will accrue to the partners and their employees.

We encourage debate and inspection of the wellness concept to find a method that we are willing to try for helping our subscribers remain healthy or get healthier while not resulting in a net cost to the Consortium and perhaps so measurable savings.

Bibliography:

- (1) "Do Workplace Wellness Programs Save Employers Money" (2014) The Rand Corporation
- (2) Baicker, Katherine, David Cutler and Zirui Song. 2010 "Workplace Wellness Programs Can Generate Savings," *Health Affairs*, 29:2, pp. 304–311.
- (3) "Proof Positive: Study Demonstrated Interactive Health Outcomes-Based Wellness Program Lowers Medical Costs and Increases Productivity" (2012) Zoe Consulting Group