ST. LOUIS COUNTY
HEALTH INSURANCE COMMITTEE

The St. Louis County Health Insurance Committee met on Wednesday, February 15, 2017 at 9:00 a.m. in the County Board Conference Room. The meeting was called to order by Don Dicklich, Committee Co-Chair.

Members Present:	Jay Anderson	Angie Mattson	Gordy Halverson
	Jim Gottschald	Heather Ninefeldt	Nancy Hintsa
	Connie Westlund	Kevin Gray	MaryJo Tomsich
	Jolene Jamnick	Tom Stanley	Don Dicklich
Others Present:	Jeff Coenen	Tiffany Kari	Brenda Goodreau
	Beth Menor	David Bednarski	Char Bruno
	Dave Kuschel	Kay Lokken	Robin MacDonell

The December 2016 minutes were approved by consensus.

<u>OLD BUSINESS</u>

1. The first item from the agenda was the Committee's response to questions posed by employees who presented a petition at the prior meeting regarding the funding of wellness initiatives.

   Q1: How long has the wellness program been in existence?

   A1: The wellness program has been existence since at least 2002. It was formerly called the Waist Management program and was limited in scope and participation. In 2008 national health plan consultant Bill Hembree advised the Committee to expand the wellness program. Ms. Kari was hired in 2010 when participation numbers were around 200. There were 850 participants last year.

   Q2: It is employees' understanding that the wellness program started with a $1 million grant from Blue Cross Blue Shield. After that money was spent on the program, who authorized that continued funding of the program should come out of the Health Insurance Fund? Please cite County Board Resolution, authority, etc. for funding the program from the Health Insurance Fund? Were employees notified that money would be coming from their contributions to the Health Insurance Fund to pay for the Wellness Program? Why, or why not?

   A2: The wellness program was not started with a grant from BlueCross and BlueShield. There was a one-time wellness grant awarded to St. Louis County in 2012 in the amount of $150,000 from BlueCross BlueShield. This grant was part of the Request for Proposals (RFP) process. The grant from BlueCross was used to fund the small group fitness program. The County Board's annual budget resolution has been the authority for wellness funding. Any unspent wellness funds at year's end have been returned to the health insurance fund.

Q3: How do you measure the benefit; money saved by having the County Wellness Program? i.e., do you compare health care cost savings for someone who is in the program vs. someone who is not in the program. How do you know that these cost savings are not because they attended the YWCA, the YMCA, private gym memberships, etc.?

A3: It has always been difficult to determine a quantitative value on savings because it is not possible to know the costs that were avoided. Industry experts, the Committee's health plan consultant, Jeff Coenen, and the St. Louis County (SLC) BlueCross account manager, Dave Kuschel, all agreed that an estimate of $2.50 to $5.00 would be accurate savings for every dollar spent. Reduced absenteeism and increased morale were additional benefits of wellness especially in the areas of recruitment and retention. Ms. Kari provided several studies from industry experts that differentiate between effective and non-effective wellness programs. She noted that the SLC wellness program falls into the effective category because it had provided a variety of ways to participate and participation was high at 55%. A common trait among successful programs, according to industry experts like the Mayo Health System, Towers/Watson and SHRM, were those with over 40% participation.

Mr. Coenen shared that his local book of business supports 35 wellness programs that range in depth but none were as advanced or in-depth as St. Louis County's wellness plan. He indicated that most companies with over 250 employees create and sustain wellness programs. Mr. Kuschel added that he has 125 public sector accounts and they all look to St. Louis County for best practices.

Due to the high and rising cost of medications a small difference can create significant savings. If four employees were able to safely eliminate their need for a Humira prescription or two employees didn't ever need an oral cancer medication or one employee could avoid Hepatitis C the savings would equal the annual wellness budget under any one of these scenarios. These were some examples of the medications that account for the most pharmacy spend.

Q4: Is the County Wellness Program a duplicate of services offered, such as the YMCA, YWCA, free flu shot clinics, the County Employee Assistance Program? How is it different?

A4: The Total Wellness Program does incorporate many fitness programs as does the YMCA/YWCA in communities that have these facilities. The Total Wellness program does not offer mental health counseling, resource referrals or legal counsel which differentiates it from the Employee Assistance Program. The Total Wellness program also does not offer flu vaccinations. The Total Wellness program is different from these other benefits in that it does provide weight loss programs, nutrition education, community involvement/volunteerism recognition/rewards, safe behaviors recognition/rewards, biometric screenings, healthy behavior competitions/rewards, holistic health education, health consumer education, advance care planning, diabetes prevention, tobacco cessation support, motivation and a community of support.

Q5: County income is received from county taxpayers. In the Wellness Program, gifts are given to members in the form of sweatshirts, gift cards, and other prizes that exceed $5. Is this a violation of County Board Policy on Acceptance of Gifts or Favors? How is this different than just paying employees bonuses up front with public money, which of course is absolutely forbidden, but we are really doing a similar thing, several layers deep, by paying employees “bonuses” in the form of gifts that exceed $5. Isn’t this just like taking a gift directly from the public that exceeds $5.?

A5: The County Board Policy on acceptance of gifts or favors reads: *Employees shall not accept or solicit gifts, gratuities or other favors from persons, agencies, businesses, contractors, or organizations which contract for supplies, services or products to the County.* This policy is applicable to gifts coming in from outside organizations not the County itself. A similar program is in place for employee recognition where gift cards and non-monetary deminimus gifts are awarded to employees based on their activities. These types of rewards programs are common among public employers in Minnesota. The rewards are not bonuses but rather a part of the benefits package offered to all employees. It is up to each employee to decide if they choose to accept and take advantage of those benefits.

Q6: It is estimated the cost of the Wellness program is in excess of $326,000 a year. If there are 800 members in the program, have you considered charging each member a $35. monthly fee for being in the program, so that the program is fully funded by members money?

A6: The wellness program did charge a $5 fee to participants up until 2009. The fee then changed to $10 in 2009 and 2010. The fee was abolished in 2011 because of feedback received that it was an obstacle to participation. Participation in the Total Wellness program was 230 enrollees in 2010 and 860 in 2016.

Wellness expenditures have ranged from $118,867 to $248,029 per year since 2010. This represents 7/10ths of one percent (in 2016) of the total Health Fund expenditures. Employees contributed $3,597,454 (or 12%) of the $29,856,827 in total health plan revenue in 2016. Twelve percent of the 2016 projected wellness budget is $30,006 or $2,500 per month. There was an average of 1,800 employee contracts so each employee in the health plan paid $1.39 per month for wellness programs. All health plan members contribute to wellness costs because all health plan members benefit (from lower premiums) when their fellow members participate in wellness programs.

A request was made for an employee vote on the funding mechanism of the wellness program. The request was countered with concerns over all the other potential coverage options would then require employee voting. It was asserted that the Committee was designed to be representative of employees via the labor representatives that make up the majority of the Committee which operates on a consensus model and can only be advisory in nature. The County Board was the only entity that could take action and the logic followed by the Board in the past had been that a successful wellness program should be self-sufficient and should exist to the extent that it benefits the self-insured health plan.

A request was made to have the questions and answers discussed at this meeting published in the Health Counts newsletter. The Committee agreed by consensus.

Concern was raised over those who enroll for the incentives but are not honest about their participation. Mr. Gottschald stated that discussions had already begun on ways to make modifications to the 2018 wellness tracking card to focus more on evidence based participation. He expressed his belief that the wellness culture at SLC was now ready for moving to less on-your-honor and more outcome-based criteria.

2. The next item from the agenda was regarding vaccinations for Hepatitis. There were providers in Duluth that could administer vaccines for Hepatitis A and Hepatitis B but there was not a vaccination in existence for Hepatitis C. Discussion ensued on if it was advisable to have onsite vaccinations for A&B. Ms.Hintsa shared that current medical recommendations are for children to have part A&B as part of their immunization schedule. The committee took no action.

3. The next item from the agenda was the adding of action items under the goal of educating members to be proactive in their healthcare. The Committee discussion did not yield any additional action items but the Committee did discuss the importance of sharing information through multiple channels (email, newsletter, conference calls, presentations, etc.) as not all members have digital access. Committee members reiterated past sentiments about passing information on to their memberships or inviting Human Resources staff to worksites to share information. Committee members requested Health Counts Newsletter articles about lower cost pharmacies and the new BlueCross website.

<u>NEW BUSINESS</u>

4. The first agenda item under New Business was an update on the BlueCross transition to BlueCore. BlueCore was the operating system created by Highmark, a vendor who represented 14 state-wide Blues health plans. The previous Legacy system was too expensive to continue to maintain and the time was right for BlueCross to invest in a new platform. Mr. Kuschel stated that implementing for St. Louis County both a new custom network and a new platform on a payroll year effective date created a big challenge. An issue with St. Louis County claims was discovered in mid- to late-January. The plan was put in a claims-hold status on January 31, 2017 because tier one providers were processing with tier two benefits. The programming issue had been identified and corrected and was currently in

testing. Once testing was completed corrected Explanation of Benefits (EOBs) would be sent and the claims hold lifted. BlueCross was communicating to providers that there was a claims hold. Providers cannot bill members who are under an active claims hold.

Mr. Kuschel explained that the difference in the 2nd and 3rd set of ID cards sent to members was a customer service phone number on the back side. He added that calling either number would get the caller to the same customer service team. This was why BlueCross requested that the 3rd set of cards be suppressed. The vendor failed to comply. Mr. Kuschel said he would investigate the possibility of future cards displaying an effective date.

Members have reported to Mr. Kuschel and Ms. Menor that some local providers have been requesting payment up front of the deductible. It was allowable under Minnesota law for the provider to ask for payment and it was allowable under the law for the member to decline. The provider cannot deny service to the member if he/she should decline up-front payment.

This year's EOB's will state the benefit period began 12/1/16 and ends on 12/31/17 as it was not possible to program BlueCore to state 12/24/16 to reflect the onset of tiering.

Discussion ensued over the benefits and challenges of a communication to health plan members regarding the incorrectly processed claims. Mr. Kuschel expected the claims hold would be released within the week. He added that the deductible carryover would need to be manually calculated given the unique plan year of 12/24/16 to 12/31/17 so some members would have their EOBs corrected twice. Facility claims had the correct tiering status applied; professional services were all processing at tier 2 benefits. The belief was expressed that most members who had an incorrect billing and had concerns had already contacted their Committee representative or Human Resources. Those who overpaid would be fully refunded. This issue affected members with claims processed prior to January 31, 2017. The Committee agreed by consensus to request BlueCross issue a communication to the affected members if the issues were not going to be fully resolved within the week. Mr. Gray raised concern that the negotiated Essentia pricing was correctly loaded into BlueCore. Mr. Kuschel was confident that the negotiated pricing was correctly loaded but agreed to confirm or audit.

OTHER BUSINESS

5. The first item brought up under Other Business was IRS form 1095(C) which is used to report which months an employee and his/her dependents were covered under a health plan. Ms. Menor advised the Committee that employees were being told by their tax professionals that they needed to have the 1095 form in order to have their taxes prepared. The 1095 form was not due out to employees until early March and had not yet been sent. However, the form was not required to file a tax return. The form the employee receives would be a copy of what was sent to the IRS by

St. Louis County on the employee's behalf.

6. The next item brought up under Old Business was a question about 2016 flexible spending due dates. Ms. Menor stated that unspent 2016 flex funds could be used for otherwise-eligible medical expenses incurred by 3/15/17 as long as the reimbursement was submitted to the flex administrator by 4/30/17.

7. The next item brought up under Old Business was a question about the tiering status of the lab in the Cook Community Hospital. Mr. Kuschel believed it to be a tier 1 since it was an independent facility. Ms. Menor searched the BlueCross online tool and no results were found. They agreed to do further investigation and report back.

With no further business the meeting was adjourned.

Respectfully submitted,

Beth J. Menor

Beth J. Menor
Senior Benefits Advisor