An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 21, 2005, at 4:00 p.m., in Meeting Room 235, County Office Building, McIntire Road, Charlottesville, Virginia. This meeting was adjourned from April 20, 2005.

PRESENT: Mr. David P. Bowerman, Mr. Kenneth C. Boyd, Mr. Lindsay G. Dorrier, Jr., Mr. Dennis S. Rooker, Ms. Sally H. Thomas.

ABSENT: Mr. David C. Wyant.

OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr.; Assistant County Executive, Roxanne W. White; County Attorney, Larry W. Davis; and Senior Deputy Clerk, Debi B. Moyers.

SCHOOL BOARD MEMBERS PRESENT: Ms. Sue Bell Friedman, Ms. Diantha McKeel, Ms. Barbara Massie Mouly, Ms. Pamela Moynihan, Mr. Gordon Walker, and Mr. Brian Wheeler.

ABSENT: Mr. Stephen Koleszar.

SCHOOL BOARD OFFICERS PRESENT: Superintendent, Kevin Castner; Deputy County Attorney, Mark Trank; and School Board Deputy Clerk, Christy Sinatra. Also present were Human Resources Director, Kimberly Suyes; Human Resources Manager for Compensation/Benefits, Lorna Gerome; Loss Control Manager, Jeff Bednarczyk; and Executive Director for Administrative Services, Mrs. Steele Howen.

Agenda Item No. 1. The Supervisors' meeting was called to order at 4:10 p.m. by the Chairman, Mr. Rooker. The School Board meeting was called to order at 4:10 p.m. by its Chairman, Mr. Walker.

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Agenda Item No. 2. Discussion: Proposed 2005-2006 Health and Dental Insurance Contracts.

Ms. Gerome addressed the Boards, stating that she would review the medical and dental plans along with staff recommendations. She said that the adopted compensation and benefits strategy targets salaries at market, and benefits slightly above market. Ms. Gerome said that the Healthcare Executive Committee has met several times over the past year and reviewed utilization data and consumer-driven health plans, as well as what Southern Health is doing in terms of cost management. She explained that the committee arrived at a number of objectives for this year's plan, including continuing to offer affordable premiums for employees, maintaining reserves at 15 percent of total plan costs, maintaining competitive position for benefits, and modifying the plan design slightly to reflect current employer-provided health care plan practices.

Ms. Gerome reported that currently there are three Southern Health plans – high, middle, and low options – which the county has had for two years. Ms. Gerome said they are recommending a 12 percent increase, or an annual contribution of $5,860 for full-time employees. She noted that the claims data are consistent with medical care across the nation, influenced by the high cost of prescription drugs and increased use.

Mr. Walker asked if per employee expenses were going up by the same percent as claim data. Mr. Tom McKay, of Palmer & Cay Consultants, said enrollment has been pretty stable, there have been some small increases so it has gone up a little. Ms. Suyes said what is important to recognize is this is not any different than what you would see in any organization; your national data is going to indicate a very similar trend.

Ms. Gerome noted that in 2001-2002, a mid-year increase was needed, and hopefully current trends may allow the reserve to be used for wellness initiatives. She said that the target is 15 percent, and she is optimistic that that will be met this year. Ms. Gerome described the plan design as very competitive, adding that employee contributions for individual coverage are in-line with the high, middle, and low options.

Mr. McKay said that it is impossible to evaluate the competitiveness of the medical program if costs alone are considered, noting that employees are concerned with what their contributions are, and what the plan provisions are. He presented results from a survey that compared the county to the City of Charlottesville, city schools, and a municipality survey that included other localities. Mr. McKay said that monthly, city employees pay in $43, city school employees pay $10, and Albemarle County employees pay $34. He stated that the average from the municipal survey was $54.

With family coverage, Mr. McKay said that Albemarle employees pay $317, low plan pays $152, and middle plan is $239, which are all competitive comparatively.

Mr. Boyd asked if the reason we are so competitive was because we pay more for family coverage than most organizations. Mr. MacKay said "yes", you are contributing more. With the employer contributing more it means the employee pays less. Mr. Boyd asked if on a percentage basis we were showing similar preference to people who have families. Do we contribute more money for people who have families? Ms. Gerome said "no". Mr. MacKay said if you look at it as a straight percentage you are paying more for single parents and family coverage in the marketplace. Mr. Wheeler said the Board's contribution is the same for a single employee no matter which option they pick. Mr. MacKay said as a percentage of premiums you are paying a greater share of employee coverage than family coverage.

Mr. Rooker asked if the co-pay is subject to the annual maximum out-of-pocket. Mr. MacKay replied “yes”. He added that the PCP (primary care physician) co-pay of $15 is consistent with market rates, noting that the mid-plan and low-plan are very competitive. He noted that the specialist co-pay, which does not require going to the PCP first under the county’s plan, is $25 for Albemarle versus $30 in the market. Mr. McKay reported that there are changes being made to co-insurance on hospital coverage, with the high plan requiring the employee to pay $100 and the county covering the remainder, which is better than some other markets.

Mrs. Mouly asked what the difference was between the second and third tiers. Mr. MacKay said each insurance company has a different definition. For Southern Health they have a formulary. If it is not on the formulary, it is not covered. Rather than not cover the drug, they put those (non-formulary) drugs on the third tier; the member still has a choice, they can get that drug but they will pay the higher co-pay. The member has a choice, they consult with their physician, they can get the third-tier drug or the second-tier drug; they are both brand drugs.

He indicated that with prescription coverage, the generic drug co-payment is $8.00, $18.00 for Tier II medicines (brand drugs), and $33.00 for Tier III prescriptions, which are slightly below market. Mr. McKay stated that there is a recommendation to lower the co-pays for generic drugs to $5.00, emphasizing the need to provide incentives to use generic drugs.

Mr. Walker asked if there is information on the impact of lowering the generic drug co-pay. Mr. McKay responded that it causes less than a one percent impact, and that is an actuarial value, not a real value, as those figures are difficult to predict.

Ms. Suyes commented that the committee decided that if there is a significant difference between the generic and name brand, people might become more educated and ask if a generic is available.

Mr. Boyd said he thought that if you participate in the mail-order prescription program they automatically shift you to a generic brand. Mr. MacKay said not automatically, they strongly encourage it.

Mr. Rooker emphasized that if you drive more people to use generics, it saves the plan money.

Ms. Thomas said there are still a lot of drugs that do not have a generic and she would not want to see the $18 and $33 figures increased. Mr. Rooker said you would not necessarily have to, you might find if you made generics free that it might cause enough shift to them that would save the overall plan money and the other costs would not increase. Mr. MacKay said that was a good suggestion. One of the issues is over-utilization if it is free. Mr. MacKay said the idea is to control costs you need your employees and members to have some responsibility.

Mr. Boyd asked how Albemarle’s contribution compares to other localities. Mr. McKay responded that many employers do not contribute a flat amount, so you would have to know the enrollment numbers to make sense of the figures.

Ms. Suyes explained that the Health Care Executive Committee reviews a significant amount of data prior to making any recommendations to the county.

Mr. Wheeler asked why on the comparison Charlottesville has negative numbers. Mr. MacKay said that is the schools. They have a flex plan. They have a contribution that is applied to whatever plan they go to and the contribution is more than the cost of their middle and low plan so they actually get a credit back for going to a middle or low plan. He is not exactly sure but usually the way it works is you get the cash to apply to other benefits.

Mr. Boyd said he has always wanted to see from our comparative group what we are spending per employee as compared to others in our group. Ms. Gerome said what we are spending for total premium is one important factor and is valuable data. Mr. Boyd said he meant what “us” as the employer contributes compared to City of Roanoke’s contribution, etc. in actual dollars. Mr. MacKay said he has some of that information and could provide it. Mr. Boyd said he does not see any other way to compare it because so much of it is dependent upon what you are experiencing particularly in self-insured plans. If we just happen to have more healthy people than the City of Charlottesville or City of Roanoke then we are going to look like we have a better plan if we compare how much we contribute to the employee’s health benefits. Ms. Suyes said what Mr. MacKay and Ms. Gerome are going over with you is not the full information that was reviewed by the Health Care Executive Committee. The Committee is a cross-functional team that reviews lots of data before they make any recommendations on plan design changes or any of the contribution changes and one of the slides you are referring to that piece of information does exist and it was reviewed. There was Board consensus for this information to be provided.

Mr. Bowerman asked if the average of the others should be 105 percent. Mr. MacKay said it is a total rate, it is not what the employer pays, it is an equivalent rate and part of the problem with that is 105 percent of what, the experiences can be different it is just that you cannot indicate it for different groups so do you want to benchmark off the cost or what. Mr. Boyd asked if what they are saying is that we do not have just the employer contribution. Mr. MacKay said that they could back into it. Mr. Boyd said that he would like to look at what each employer is contributing towards health care benefits. Mr. MacKay said the other thing that makes it complex is a lot of employers do not contribute a flat amount, they might say they contribute so much for employee coverage and so much for family coverage so it is hard and a little more complex. Mr. Boyd said that we are really quite different. If we were not a self-insured plan and had company insurance, they would be charging different amounts based on age and number of people in the family and all of that. Mrs. Suyes said what she thinks she has seen that Mr. MacKay could provide will probably answer the majority of these questions.

Ms. Friedman asked if there are incentives offered for employees not to take health insurance. Ms. Suyes responded that at this time there is currently not an incentive for non-participation. We did look at that a couple of years ago. Ms. Suyes said that could get complicated because the people in your plan might be the healthy people and then you may not get the contributions you need to be self-insured. Less covered people does not necessarily mean a good thing. That may adversely affect us. She noted that the plan is projected to increase by 11.8 percent this year.

Mr. Bednarczyk explained the county's wellness initiatives, noting that is one of the three major components of the loss control program. He explained that one theme found in their benchmarking process was that there are not a lot of wellness programs, as far as municipalities are concerned, although many localities have "pieces" of wellness programs. Mr. Bednarczyk said that the county needs "buy-in" from its employees, coordination, and a diverse need-based content for specific programs within wellness. He added that "invitations" would be sent out soon to solicit involvement with a wellness committee, ensuring that there is a good cross-section of employees. Mr. Bednarczyk said that this committee can roll out the program, with enrollment taking place along with existing programs.

Mr. Bowerman asked him to define "focused intervention." Mr. Bednarczyk replied that the health risk assessment is a very important piece of the county's wellness program, noting that there is significant awareness of where "high-dollar" health care needs are, and where frequency is. He added that the assessment would allow staff to focus on identification of preventative measures for people who are at risk of diseases such as high blood pressure, diabetes, etc. Mr. Bednarczyk added that someone from the outside would do the assessments, and the process would be voluntary.

Ms. Suyes stated that the county would need to look at utilizing reserves for this, as there are costs associated with this wellness program.

In response to Ms. Moynihan, Mr. Bednarczyk said that the assessments range from $15 to $50 each, and ACAC, UVA WorkMed, and Anthem BC/BS are all candidates for outside assessments. He noted that there are advantages and disadvantages to each, and costs fluctuating as well.

Ms. Suyes noted that Mr. Bednarczyk is putting the committee together which will decide what direction the wellness program will go in. She added that the key to success is assessments, although there are costs associated with them. Ms. Suyes emphasized that what really drives up health care costs are prescription medication prices, especially those administered in hospital visits. If the county wants to do a true wellness program, they are hearing that the first step is the assessment piece. She added that through the right marketing, it is hoped that 75 percent of employees will participate.

Ms. Moynihan asked if the plan already pays for physicals. An employee's doctor should be able to assess whether or not the person has high blood pressure or diabetes. Mr. Walker commented that most people do not get physicals done on a regular basis, and the types that they get are not really health care assessments. Ms. Moynihan stated that you cannot force someone to get a physical. Ms. Suyes commented that it is not the same thing.

Mr. Bednarczyk said that along with the assessments comes feedback from the providers, which helps staff identify which areas of wellness should be focused on. He stated that each participant gets a personal wellness profile, but the county is not provided with information on how employees' physicals turn out.

Ms. Suyes cited the example of "Wise Up Workshops," which focus on stress reduction, and said that the topics could also include proper nutrition, etc., to help identify interests. She said that if it was discovered, for example, that there were a lot of smokers, the focus could be put toward prevention. Ms. Suyes stated that through a building-wide Weight Watchers initiative, employees at the county building have lost a combined 550 pounds. The county's risk for those people's health for the long term has been reduced dramatically. There are things that can be done; we just need to be proactive and jump on it. But, it is not free. She added that she would guarantee that these employees make better "customer service" representatives because they are happier.

Mr. Rooker said that diabetes, cholesterol and high blood pressure screenings could be implemented rather than full-blown assessments. It might get at the primary problems in a lot cheaper way. Mr. Bednarczyk commented that this is the most efficient way to do that.

Mr. Walker noted that the advantage of the full assessments is getting advice on how to improve lifestyles along with education, which you do not always get with a physical.

Ms. Suyes said that if the county focuses on health and wellness, it will be "contagious." She added that the assessments are the way to start the program, and there is extra funding in the health care reserve for the initiatives.

Mr. Bednarczyk stated that there are other components to the program that are low or no cost, such as the Weight Watchers effort, which has included 30 people in each 10-week session.

Ms. Suyes pointed out that those participants are paying their own way, with no funds from the county.

Mr. Bednarczyk added that the health and fitness library could probably be done out of the current budget, and the newsletter via email is offered at a very minimal cost. He mentioned that Southern Health, the Employee Assistance Program, and UVA WorkMed have all offered assistance through seminars, lunch talks, etc., in coordination with Wise Up.

Ms. Thomas asked how many employees might not have access to the internet. Mr. Bednarczyk responded that most have access, but there may have to be a few newsletters printed. Ms. Suyes said that teachers do check their email on a regular basis, but printed newsletters would still be needed.

Mr. Bednarczyk stated that the committee would serve as liaisons to county employees to monitor satisfaction. He added that if participation is low, incentives such as gym membership could be offered. Mr. Bednarczyk emphasized that there would be significant cost savings associated with a wellness plan, although they may not always be measurable. He noted that since January 1, 2002, the county has paid approximately $1.1 to $1.3 million in sick leave, with 55,000 to 65,000 of hours per year missed, including worker's compensation and regular sick leave, and individual FMLA.

Ms. Mouly asked how the sick leave costs are computed. Mr. Bednarczyk replied that he ran a query that showed all sick leave taken, totaled up the number of hours, and calculated the average hourly rate of pay per employee.

Mr. Boyd commented that that expense is not actually out of pocket, except in the case of substitute employees as in teaching. Mr. Bednarczyk stated that monitoring sick leave closely would indicate whether there is a significant savings realized, as measured in employee productivity.

Ms. Suyes said that most organizations can measure productivity with reduced sick leave, and reducing this by just two hours per employee per year yields measurable savings in effectiveness.

Mr. McKay commented that identifying even just a few people with health issues can provide significant cost savings over time. He said that national averages also use benefit buy-down, which can average three to four percent.

Ms. Friedman suggested setting as a goal decreasing the percent of increase.

Mr. Rooker suggested looking at average claims per insured unit, excluding high-dollar claims.

Mr. McKay noted that it would be hard to measure everything per dollar, but there are other ways to measure improvements in a healthy population.

Ms. Thomas agreed that it is difficult to measure the initiatives in specific dollar amounts.

Ms. Gerome offered information on the county's efforts to help employees better understand their health benefits. She added that the compensation benefits team has been working to develop a website to allow benefit enrollment, and will show their benefits information and the county's contributions towards their health care. Ms. Gerome said that they will be available to meet with employees and help them learn how to use the online system. She added that her staff plan to have the enrollment information go out in May, with open enrollment over the summer.

Mr. Rooker said that it would be helpful to have information available on an employee's total benefit package, whether in print or online. He mentioned that a company he worked for in the 1980's provided an end of year summary about employees' total compensation, which reflected FICA and health care benefits.

Ms. Gerome mentioned that some minor plan changes have been made, including more market-competitive prescription and co-payment benefits. She added that the county has had Delta Dental for several years now. The county will now self-insure the dental plan, providing a savings of approximately $74,000 this year along with reduced employee costs. Ms. Gerome noted that employees have expressed some dissatisfaction with the dental plan, and her staff is working to address those issues and make improvements.

Ms. Gerome summarized the dental plan recommendations as: (1) no plan design changes for dental; (2) move to a self-funded plan; (3) maintain Board-budgeted contribution of $200 annually, up from $180; and (4) employee decreases in cost. She summarized the overall health plan recommendations as: (1) maintain the three point of service Southern Health Plans; (2) slightly modify the plan design; (3) keep the Board contribution as indicated; (4) self-fund Delta Dental; (5) continue the dual options, and (6) maintain the budgeted $200 dental contributions.

Ms. Mouly asked if there is a recommendation to increase the ER visit co-pay from $75 to $100. Ms. Gerome responded that the high plan does have that recommendation.

Mr. Rooker asked if any thought had been given to "get out of social security." He said that other localities have agreed to do an alternative plan.

Mr. Boyd commented that there have been mixed results with that. Ms. Suyes stated that the county has not considered it.

Mr. Walker said that Texas has done this in many localities, with both winners and losers.

Ms. Thomas asked if in Virginia for health care plan participation, spouse is defined by legal marriage.

Mr. Davis responded that the Attorney General in Virginia found in reviewing a Northern Virginia locality that there is not enabling legislation to allow for non-spouse benefits.

Mr. Boyd then offered **motion** to approve the HealthCare Executive Committee recommendations for the medical and dental plans for FY 2005-06, as follows:

Medical Plan:
1. Continue to offer three different plans through Southern Health Services Inc:
   a. All three plans are Point-Of-Service Plans with the same benefit coverage
   b. There are differences in cost sharing (co-pays, co-insurance, out-of-pocket maximums, deductibles) and employee premium requirements
   c. The benefit summary is shown at Attachment A (copy on file)
2. Board contribution of $5,860 for the new plan-year starting October 1st.
3. Set full-time employee premiums at the rates shown in Attachment B (copy on file).
4. Retain a self-insured medical plan with Specific-Claim-Stop-Loss insurance to limit our liability against any single large claim.

Dental Plan:
1. Change the funding mechanism on the dental plan with Delta Dental of Virginia from fully-insured to self-funded.
2. Continue to offer the Basic and High Options with no change in benefit design.
3. Increase of $20 per participant in Annual Board contribution from $180 to $200 for the new plan year starting October 1st.
4. Employee premiums as shown in Attachment B (copy on file).

Mr. Bowerman **seconded** the motion. Roll was then called and the motion carried by the following recorded vote:

AYES: Mr. Rooker, Ms. Thomas, Mr. Bowerman, Mr. Boyd and Mr. Dorrier.
NAYS: None.
ABSENT: Mr. Wyant.

Ms. McKeel then offered **motion, seconded** by Mr. Wheeler, that the School Board adopt the medical and dental plans for FY 2005-06 as recommended by the HealthCare Executive Committee. Roll was called, and the motion carried by the following recorded vote:

AYES: Ms. Friedman, Ms. McKeel, Ms. Mouly, Ms. Moynihan, Mr. Walker and Mr. Wheeler.
NAYS: Mr. Koleszar.

Agenda Item No. 3. From the Board of Supervisors/School Board: Matters Not Listed on the Agenda.

There were none.

Agenda Item No. 4. Adjourn. With no further business to come before the Board and/or School Board, the meeting was adjourned at 5:07 p.m. The School Board recessed until their 5:30 p.m., budget work session.

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Chairman

Approved by Board
Date: 09/07/2005
Initials: EWC