



CHAMPAIGN COUNTY
LABOR/MANAGEMENT HEALTH INSURANCE COMMITTEE AGENDA
Tuesday, July 22, 2014 - 3:00 p.m.

Lyle Shields Meeting Room
Brookens Administrative Center
1776 E. Washington St., Urbana

Committee Members:

Deb Busey – Co-Chair
Angela Lusk – Co-Chair
Chris Alix
Doug Bluhm
Donna Blumer
Stan Harper

Debbie Heiser
Josh Jones
Tea Jones
Barb Doyle-Little
Michelle Mennenga

Betty Murphy
Ed Sexton
Nora Stewart
Steve Ziegler

Alternates: Josh Reifsteck, Brad Morris, Astrid Berkson

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Labor/Management Health Insurance Committee

MINUTES – SUBJECT TO REVIEW AND APPROVAL

Date: Tuesday, June 10, 2014
Time: 3:00 p.m.
Place: Lyle Shields Meeting Room
Brookens Administrative Center
1776 E. Washington St.
Urbana, Illinois

Committee Members

Present: Astrid Berkson, Doug Bluhm, Donna Blumer, Deb Busey, Stan Harper, Debbie Heiser, Josh Jones, Tea Jones, Betty Murphy, Josh Reifsteck, Nora Stewart, Steve Ziegler
Absent: Chris Alix, Barb Doyle-Little, Angela Lusk, Michelle Mennenga, Brad Morris, Ed Sexton
Others: Molly Rollings, Jack Wilson & Mike Pauley (Dimond Bros), Bill Spring, Jeff Weber & Todd Greer (ICRMT), John Malachowski (Gallagher Benefit Services), Beth Brunk (recording secretary)

Call to Order

Ms. Busey called the meeting to order at 3:05 p.m.

Approval of Minutes from May 13, 2014 Meeting

MOTION by Ms. Stewart to approve the May 13, 2014 minutes from the Labor/Management Health Insurance Committee; seconded by Mr. Ziegler. Upon vote, the **MOTION CARRIED** unanimously.

Presentation by Insurance Program Managers Group (IPMG)/Illinois Counties Risk Management Trust (ICRMT)

Mr. Spring stated that IPMG is an umbrella insurance service company that develops programs to help groups manage risk such as workers' compensation, property/casualty and benefits. Currently IPMG is working with over half of the counties in the state through various risk or claims management services – the County has been working with their flagship program ICRMT (workers' compensation/property & casualty liability) for 11 years.

The benefits program, UMED, integrated with ICRMT was started six years ago to control rising health care premium costs for public entities. UMED is a full service benefits third-party administrator – all clients are self-funded. Additional administered services include dental and vision. UMED will be pooling the stop-loss insurers (catastrophic claims) later this year based on conservative underwriting. This program also promotes wellness initiatives through on-site visits, newsletters and website information.

Self-funding provides a means to cost control/savings, customized program design and implementation of networks. Independent Pharmacy Benefit Managers (PBM) vendors are used so the client receives their drug rebates back from the prescription suppliers. Another advantage of self-funding is access to your data through claims and utilization reports.

Vendors in the Champaign County area include HealthLink, Cigna and HFN. HealthLink accesses Carle and Christie primary care doctors and their facilities in different locations. Possible strategies may be to incentivize employees to use Christie instead of Carle for cost savings. ICRMT also has the ability to contract with local out-of-network doctors directly. ICRMT has nurse case managers on staff who help guide employees to the best health care provider for their situation.

ICRMT (workers' compensation) and UMED (health benefits) has a commonality – the health of the employees. There is much crossover between these programs that translates to cost savings when they are both managed by IPMG. Approximately 44% of the County's workers' compensation claims are repeaters. IPMG has found through training and wellness programs, that the repeat claimants are reduced to 10%.

1 Ms. Murphy asked about the administrative fees related to the HealthLink networks. Mr. Spring replied that it varied
2 from HMO, PPO and open access but he thought the range is from \$5-\$8 per employee/per month. Mr. Spring affirmed
3 that IPMG does not administer a multi-jurisdictional pool specific to health insurance.
4

5 **The IPMG and Dimond Bros representatives left the meeting at this time.**
6

7 Discussion on Insurance Options for 2015

8 Ms. Busey listed the alternatives that have been presented to the Committee – IPBC aggregation health insurance, ICRMT
9 which would have the advantage of sharing information from workers’ compensation and self-funded health benefits
10 programs, Health Alliance fully-funded or Health Alliance self-funded. Mr. Malachowski pointed out the most significant
11 question of any proposal is the amount of the provider contract discounts. The last report he saw in this area showed
12 HealthLink at 10% less in discounts than Health Alliance.
13

14 The following questions were proposed to clarify ICRMT’s UMED program:

- 15 1. What is the number of UMED benefit clients - share a client list to identify the large & small clients - what is
16 the average client size? How experienced is ICRMT with the health insurance?
17
- 18 2. Who is their Pharmacy Benefit Manager and what is the average rebate?
19
- 20 3. What are the average discounts in Champaign County providers from the various networks they are using?
21
- 22 4. What are the administrative costs for paying claims – what is the range that a group our size can expect to
23 pay?
24
- 25 5. What is the quantifiable benefit that a client can derive from sharing both the health insurance benefit and
26 the workers’ compensation/property liability sides at IPMG?
27

28 The comparison of UMED’s administrative costs and discount percentage will determine if ICRMT is a competitive
29 alternative.
30

31 Mr. Malachowski stated that Health Alliance will submit their renewal numbers in mid-July. This timing will still allow the
32 Committee to decide on a fully-insured versus self-insured option with Health Alliance for 2015. Ms. Busey commented
33 that if the Committee wants to explore the IPBC or ICRMT opportunities with more research, then it would be better to
34 select the fully-insured option. Once the County has transitioned to a self-insured plan, it should stay committed on that
35 path for a 5-year period to allow good and bad claim years to average out. IPBC will make another presentation on
36 6/17/14, and any new information will be reported to this Committee.
37

38 Last year’s expected claims numbers between Health Alliance fully-insured or self-funded options were very close. If the
39 claims go down, then self-funded is the better option. However if the claims go up, then the fully-insured plan is the
40 better choice. Most public entities in the Health Alliance marketplace are fully-insured. At this time, the Affordable Care
41 Act mandates an additional \$225,000 in taxes on fully-insured plans that are not applicable to self-funded plans.
42

43 County Health Fair Subcommittee Update

44 Ms. Heiser reported that the County Health Fair will be held next Tuesday, June 17th at the Urbana Civic Center from
45 10:00 a.m. to 2:00 p.m. Twenty-one vendors will be participating. Healthy snacks and door prizes will be available to
46 employees that attend. Payroll flyers will go out to all departments.
47

48 Next Meeting

49 If the additional information from ICRMT and IPBC seems competitive for the County, the Committee will meet on June
50 24th to discuss the possibility of asking for a specific quote from these companies. The date for the July meeting will
51 depend on the renewal numbers release from Health Alliance – probably 7/15 or 7/22.
52

53 Other Business

54 None
55

56 Adjournment

57 Ms. Busey adjourned the meeting at 4:25 p.m.

The questions the committee had for ICRMT are:

1. How many clients have the health insurance/benefit program? Please provide the number of lives each client has. **ICRMT currently has 5 members that participate in both WC and Benefit programs: Knox County 260, City of Bellville 385, Moultrie County 60, Douglas County 80, and City of El Dorado 135.**
2. Pharmacy Benefit Manager – what are the average rebates? Who is the PBM? **Catamaran is the PBM (pharmacy benefit manager) for the ICRMT & UMED Benefit Program. IPMG, ICRMT, or UMED do not keep any of the rebates distributed from Catamaran. 100% of the rebates will be paid directly to Champaign County by Catamaran. Rebates vary amongst groups based on plan design. The more employees are steered towards generics the fewer brand drugs are utilized thereby reducing the rebates. UMED Member rebates average \$4,000 to \$5,000 per 100 employees. Most recent employee count from the Health Alliance Quarterly Report was 645. A conservative annual projection for Champaign County would be \$25,800 (6.45 x \$4,000).**
3. Does ICRMT have quality assurance screening for service providers? **IPMG routinely reviews all third party service providers to ensure they are meeting the service and results standards established at the outset of the relationship. This includes bill review firms, PBM's, networks and other cost containment/service providers working on behalf of IPMG clients. Due to the large volume of business between workers compensation and group health, IPMG routinely roundtables between WC and benefit teams to ensure we are properly leveraging our volume of business with these providers to ensure service levels, discounts, bill reductions and cost containment strategies are being met.**
4. What are the average service discounts in Champaign County? For example, Health Alliance states they receive a 50-65% discount from providers in their network. **The average discounts in the Central IL Market for Healthlink are 54%. Average discounts issued by networks are an example of the discounts in their book. These discounts do not come close to telling the story of cost savings. A group the size of Champaign County needs to start looking at the cost of services and develop plan designs to drive participation to the right providers. IPMG will be able to assist the County to identify local providers that are being seen that offer quality care with lower cost of care. We will assist the County with educational programs for the employees.**

Often times the facilities that advertise huge discounts also have much higher charges. Sophisticated health care consumers start to look at the actual costs, not the discounts. To do this, one has to have access to all their claim information. IPMG feels the best way to gather that information is by utilizing independent (non hospital owned) Networks and TPA's. Carle does give Health Alliance the deepest discount because their plans are all designed to steer people to their facilities. There are other providers in the area that have much lower charges and, therefore, after discounts, lower net costs to the employee and employer. The County could experience significant savings if they opened up their network and allow employees to choose between current and additional providers. Partner the network with consumer driven plans and employees start choosing lower cost providers for care; both employee and employer save.

Example: In the current plan, employees have a 20% co-insurance for outpatient procedures. Once employees get educated about facilities that could cut their out of pocket costs considerably, employees would migrate to those facilities for more and different procedures. This consumerism will save Employee/Employer/Taxpayers money. An example is shown below.

40% discount on \$20,000 billed charges results in a \$12,000 claim.

60% discount on \$40,000 billed charges results in a \$24,000 claim.

When employers are provided the actual cost of care, the ability to make plan changes becomes much easier.

5. **UMED – stop loss pooling. Is UMED the program that would allow stop loss pooling? Would there be a benefit to the County in pooling stop loss? UMED is working toward pooling the stop loss insurance which was the original intent when working through the UCCI. UMED has been compiling data on their public entity book of business and medical cost management so we can responsibly underwrite the pool. There will be value to the county to pool stop loss with other public entities. Pooling stop loss will spread risk amongst other members allowing for greater cost certainty and less reliability on reinsurance carriers, more favorable renewals, greater control of assets, and capacity in the market. Every entity will have an option to join the risk sharing pool when it is developed or to attach directly to the reinsurance attachment point.**
6. **What are the administrative costs for payment of claims? What would be the amount we would expect to pay for administrative services on an annual basis? IPMG charges a flat per employee per month (PEPM) for claims administration. IPMG will break out the vendor fees as a flat PEPM for all service vendors so the County will know exactly what they pay them. Final rates will be issued with the quote. IPMG does not receive any revenue back from PPO Networks or PBM's.**

IPMG does use negotiators/Special vendors to help with out of network claims. The fee for these services will be a % of the savings, and will only be paid if the county elects to receive the additional savings on these claims. These fees are eligible for stop loss reimbursement. These will all be outlined in the administrative agreement with the quote. IPMG experiences very low percentage of out of network claims.

IPMG does not take part of the PPO discount as an administrative fee as some ASO programs do.

7. **Does ICRMT have any clients our size that has the benefit and work comp program? If so, what was their savings/experience by having both programs through ICRMT? Knox County and City of Bellville would be the closest in size to Champaign County. We have not been able to draw any conclusions at this point as our data time has not been in place long enough to be credible. All of our entities are showing positive trends in their workers comp and absenteeism compared to the rest of the ICRMT. This data is being reviewed by independent actuaries. However, we have built our model as a look-alike of the California University System. We can provide data from the University of California study to illustrate the positive impact of doing this. We are confident that integrating the two will not hurt the county but**

provide an opportunity for long term savings. This service is another example of all the other services that ICRMT has rolled out for Illinois Counties. ICRMT could not completely quantify the impact of on sight risk management, specialty law officer training programs, and open door legal. But years later all have been well received and tremendously impactful.

8. **Would ICRMT be willing to discuss with Health Alliance use of their network for the benefit program? IPMG, ICRMT, and UMED would be glad to work with Health Alliance or any other vendor that would help produce the best solution for Champaign County.**