

March 7, 2006

PERSONNEL COMMITTEE REPORT

The Personnel Committee met Tuesday, March 7, 2006, at 3:00 p.m., in the QC Meeting Room, Third Floor, County Administration Building, 215 East Central, Bentonville

Committee Members Present: Allen, Harrison, Hill, Sheridan, Stephenson, Wolf

Others Present: JPs Moore, Schindler, Summers, Wozniak
Assessor Shirley Sandlin, Treasurer Deanna Ratcliffe, County Attorney Ed Gartin, Barbara Ludwig, Thomas Dunlap, Richard McComas

Media: Joe Askins – Morning News, Jennifer Turner – Daily Record

JP Stephenson called the meeting to order at 3:00 p.m.

Public Comments

None

New Business

1. Overview of Changes to Benton County Health Plan

Benefits Administrator Thomas Dunlap presented a Power Point showing the health insurance claims of Benton County employees over the past 4 years. He said that a new approach to wellness had been discussed prior to 2005, but the impact on the budget from claims in 2005 illustrates why it needs to be implemented. He quoted former State Health Department Director Fay Boozman, who described the nation's health care problems as a "perfect storm", due to the combination of our aging population, individuals' inability to pay health care costs, the government's inability to continue to provide services, and poor choices we have made regarding our health. Dr. Boozman had concluded that when the current system breaks, we will end up with a system that no one will be happy with. Thomas Dunlap said that the immediate problem for Benton County is that we continue to pay more money in claims than we actually have, and additional money has to be added to the fund every year to cover the costs. He said that in 2005, we spent \$1,034,113 more than in 2004, which was a 56% increase. He noted that it was not due only to increased health care costs, but that individual claims increased from 6,424 in 2004 to 11,682 in 2005, or an average of \$6,500 per employee, which was a 50% increase. He explained that every participant in the plan is covered by an additional policy which picks up the costs once they exceed \$90,000, and once the employee reaches 50% of that amount, they are categorized as catastrophic. He said that in 2004, .4% of the participants had catastrophic claims which accounted for 13% of the total spending, and in 2005 2.7% of the participants had \$1,081,000 in catastrophic claims, which was 37% of the total overall spending. Thomas Dunlap said they have had better success on keeping pharmacy costs down, and the rate of increase actually slowed in 2005. He said they had made some changes in the plan, switched to a different benefits manager, and have encouraged the use of mail-order which is cheaper. He summarized the costs for the last three years, saying that the total costs were \$1.6 million in 2003, \$1.8 million in 2004, and \$2.9 million in 2005. He went over the costs per employee per month since 2003, starting with \$250 that year, in 2004 it increased to \$312.50, and in

2005 increased to \$375, and is estimated at \$465 for 2006. He said that since 2001, the amount that the Quorum Court has contributed to the health insurance fund has increased 165%, compared to only a 42% increase in payroll.

Thomas Dunlap stated that he is frequently asked why the county continues to self-insure. He said that one problem is that some companies declined to even submit a bid due to our health history, and the one bid that was received was for a plan that had a higher deductible, higher per office visit co-pay, and would cost employees \$1200 per month for family coverage, compared to the \$340 for family coverage that they currently pay.

Thomas Dunlap stated that looking at some other numbers illustrates further how unhealthy the employee population is. He said that of approximately 100 blood tests performed at the Health Fair last fall, 47% were in the two highest cardiac risk groups out of five possible, and 5% had blood sugar levels outside normal limits. He said that in looking at pharmacy costs, the most commonly prescribed medications were cholesterol reduction, anti-ulcer medication, diabetic therapy, and anti-depressants. He said he does not believe that the participants are aware of how much certain drugs cost, since they pay only a co-pay, but there is one prescription that costs \$6,800 each time it is filled. He said he had looked at a report showing all of the diagnoses made during the last year, and the three most expensive treatments were for cardiac care, non-specific respiratory symptoms, and weight-related osteoarthritis.

He said the county has four options; 1) Continue pouring money into the health insurance fund to cover the increases, which the county has done, at the expense of merit raises for employees last year; 2) Change the plan design by increasing out-of-pocket expense, increase employee cost for health insurance, increase co-pays, none of which addresses the problem of increasing costs due to poor health choices; 3) Stop offering a benefit plan to county employees, which does not seem very realistic, but has in fact been discussed; 4) Focus on health behaviors, the only option that has not been tried.

Thomas Dunlap stated that according to the Center for Disease Control, \$33 billion in employer medical costs and \$9 billion in lost productivity due to certain diseases can be attributed to a poor diet. He said that if 10% of adults began a regular walking program, \$5.6 billion in the treatment of heart disease could be saved. He said that according to the U.S. Department of Health and Human Services, worksites with wellness incentive programs such as the one Benton County is starting reduced the use of sick time, lost productivity, and saved on health care costs.

Thomas Dunlap outlined the incentive program that will be administered by Benecomp Advantage that will be started on June 1, 2006. He said the base deductible will be increased from \$750 to \$2750 for single coverage, and family coverage will increase from \$2250 to \$5,500. Benecomp will provide 1 credit toward the deductible for each satisfactory blood test result in five areas; cholesterol, blood sugar, blood pressure, body mass index, and nicotine. He said that test results will be sent to the employee, and Benecomp will directly reimburse the employee for the deductible. He also said that test results may be appealed through Benecomp at the employee's expense.

JP Schindler asked if there were any plans for offering assistance with smoking cessation and weight loss. Thomas Dunlap stated that they already have programs in place and will offer assistance to employees when this information is presented to them. He said that a 6-week program conducted by an Ozark Guidance Center counselor will be offered during the lunch hour. JP Allen asked if there were any plans to offer reduced rates for memberships to health or exercise clubs to county employees. Thomas Dunlap said that they were working on it. He said they have also looked at having a nurse onsite that could screen health problems cheaper than a regular office visit. JP Summers stated that it was obvious that the county cannot afford to continue funding the health insurance costs at the level that they have been, and that employees will either have more cost or

less coverage. He said that he does not think that employees understand how much of a benefit they have. He reminded them that they are already paying for a county doctor which they perhaps should utilize. Barbara Ludwig stated some organizations have onsite clinics and R.N.s on 24-hour call for medical advice which saves emergency room visits. JP Moore suggested offering refundable credits to employees who join health clubs and can show proof of participation. He asked what the administrative fee for Benecomp's services would be. Barbara Ludwig stated that it was \$11 per employee per month, and it was included in the 2006 Budget. She said that we would always be riding the roller coaster until people are made to feel accountable for their health. JP Summers asked if you could decline to hire someone due to tobacco use. Thomas Dunlap stated that some employers are doing that, and some in Wisconsin that can terminate someone if they are caught using tobacco, even at home. He said that several employers nationwide are charging higher premiums for smokers, but he said that only identifies one of the problems. JP Schindler asked if the tests would indicate other drug use, and what would be done with that information. Thomas Dunlap stated that the county only requires pre-employment drug screening, and random tests for deputies and employees who hold C.D.L. licenses.

Old Business

1. Update of Changes to the Employee Policy Manual

Assessor Shirley Sandlin stated that most of the Elected Officials have been meeting to work on the changes to the Employee Policy Manual, and cleaning up conflicts with existing ordinances. She said it is taking some time but feels they are being very thorough and have made a great deal of headway considering that the Elected Officials have other duties to take care of. She said they are noting which codes the changes have come from, cross-referenced and indexed everything, and hopes that they can have it completed by the next Personnel meeting. JP Stephenson requested that the Personnel Committee receive an advance copy to read and study, and then have a work session to go through the entire thing. Barbara Ludwig stated that they would receive two separate documents, at County Attorney Ed Gartin's suggestion. She said one will be the Personnel Policy Manual which will be put forth in a Resolution, and it will contain references to everything that refers to County Code, and some will be general policy guidelines that do not change any ordinances. She said that this will be the actual document that employees will receive. She said the second document will be the document that will require an ordinance, because it will contain the exact Code language that needs to be changed. She said the changes that will be required in the Code will be highlighted in the document. She said she wanted to thank Assessor Shirley Sandlin, Circuit Clerk Brenda DeShields, Treasurer Deanna Ratcliffe, and County Clerk Mary Lou Slinkard for their non-stop work on the policy changes. JP Sheridan thanked them for getting the work done, because he feels it is something that needs to be updated badly.

Other Business

Meeting adjourned at 4:15 p.m.