

## Human Resources Committee Meeting Douglas County, Nebraska

Tuesday, February 4, 2014

The meeting convened at 12:03 p.m. in Room 903 of the Omaha-Douglas Civic Center, 1819 Farnam Street, Omaha, NE 68183. A copy of the Open Meetings Act is located on the wall near the entrance of the room. A notice of the meeting was published in the January 28, 2014 issue of The Daily Record. County Commissioners present at the start of the meeting were Mary Ann Borgeson, Mike Boyle, PJ Morgan, and Chris Rodgers. Others present at the meeting were Patrick Bloomingdale, Diane Carlson, Joe Lorenz, Marcos San Martin, Catherine Hall, and Kaieva Williams of County Administration; Lee Lazure, Kathy Adair, and Tim McNally of Human Resources/Civil Service Commission (HR); Dan Esch of the Clerk/Comptroller's office; and Tracy Krause of Aon. Commissioner Borgeson conducted the meeting.

### **1. Presentation (via webinar) of Perks Card program (program whereby County employees, at no cost, can obtain discounts at several local companies).**

County Commissioners Marc Kraft and Clare Duda arrived during this item. Ms. Williams left the meeting during this item. Michael Durso of PerksCard joined the meeting via telephone. Speaking to the item were Commissioner Borgeson, Mr. Durso, Mr. Bloomingdale, Commissioner Boyle, Commissioner Kraft, and Mr. Lorenz. Highlights from the discussion included the following:

- Mr. Durso reviewed the PerksCard program and the PerksCard website.
  - PerksCard members receive a PerksCard card to present to local businesses to save money on products and services.
  - Mr. Durso said the program includes access to discounts from Groupon and Living Social.
  - Mr. Durso said there will be around 30 – 50 local businesses involved.
- Mr. Durso said the PerksCard program will be provided at no cost to the County and at no cost to County employees.
- Mr. Durso said if Douglas County joins the PerksCard program, it will be asked on an annual basis to renew an agreement with PerksCard.
  - Mr. Durso said an agreement can't be cancelled, but if the County wanted to discontinue the PerksCard program, then the County could choose not to renew its agreement once that year is up.
- Mr. Durso said PerksCard does not share member information with third parties.
- Commissioner Boyle asked Mr. Durso to provide a summary of the types of complaints PerksCard customer service receives.

### **2. Update on selection of Wellness Vendor as part of the County's wellness program for County employees.**

Speaking during this item were Ms. Adair, Ms. Carlson, Ms. Krause, Mr. Lorenz, Commissioner Morgan, Commissioner Boyle, Commissioner Borgeson, Commissioner Rodgers, Mr. Bloomingdale, and Commissioner Duda. Highlights from the discussion included the following:

- Incentives the County could offer to employees who participate in the wellness program were discussed, as well as the costs of the wellness program.

- Ms. Adair said when the Wellness Committee was formed, Ms. Carlson was with the County Attorney's office and she was asked to give an opinion on whether or not the Wellness Committee could offer incentives to employees.
  - Ms. Carlson said it was her interpretation of state statute that certain prizes of a reasonable amount could be paid for by the self-insured fund.
- Ms. Krause discussed how the incentives of a wellness program could be done.
  - Ms. Krause said if an employee were to complete the first year requirements of the County's wellness program (i.e. complete a health risk assessment, a biometrics screening, and two programs offered by Viverae), then the employee could receive:
    - A gift card that year.
    - A reduction in his/her premium the following year.
- Ms. Krause said Viverae recommends that the County offer \$50/month in premium reduction because they believe that will get 70% of the County's employees to participate.
  - Ms. Krause said if the County had 75% participation and each of those employees received a reduction of \$500 in their annual premium, it would cost the County \$790,000.
- Mr. Bloomingdale said he would prefer a cash incentive to employees because he sees some barriers with providing a premium discount.
  - Mr. Bloomingdale brought up a scenario where an employee receives a premium reduction one year for participating in the wellness program, but then the next year that employee does not participate in the wellness program so his/her premium goes up again. Mr. Bloomingdale said that employee may question the County's ability to raise his/her premium without negotiating it.
  - Commissioner Borgeson said it will be important to address all possible issues with the wellness vendor when determining incentives.
  - Mr. Lorenz said if the County were to offer cash incentives to employees, he believes it could be structured where the incentive could be offered as a tax-free payment for the employee.
- Ms. Krause said Viverae will help the County develop a clear-cut strategy for its wellness plan so the County does not find itself in a position where it provided too much for incentives.
  - Ms. Krause said she has not seen a wellness program start then discontinue.
- Ms. Krause said to administer the wellness plan, Viverae would charge the County \$2.20 PEPM (per employee per month), \$59.95 per employee for a biometrics screening, and \$2,500 for a setup fee. Those costs would mean the following:
  - With 100% employee participation: \$184,267 (\$87.54 per employee)
  - With 75% employee participation: \$138,825 (\$87.93 per employee)
  - With 50% employee participation: \$93,383 (\$88.73 per employee)
  - With 25% employee participation: \$47,942 (\$91.10 per employee)
- Mr. Lorenz said the County pays over \$20 million in health care claims annually, so if the County can get a reduction in its health care claims, then the wellness program will pay for itself.
- How the wellness program will work was discussed.
  - Ms. Krause said after the health risk assessments and biometrics screening results are in, the County will see where their problem areas are and can decide from there what areas to target.

- Mr. Lorenz and Ms. Krause said the biometrics screening would be provided on-site at the County by Viverae, the employees would not have to go to their doctors for it.
  - Ms. Krause said for the first year of the wellness program, Aon recommends that the County only offer the wellness program to employees who are on the County's health care plan.
    - Ms. Krause said the reason for this is so the County will have a core group to monitor.
      - After the first year of the program, the County will be able to see how the wellness plan employees are doing vs. how the non-wellness employees are doing.
    - Commissioner Borgeson said the wellness program would not cover retired employees.
  - Mr. Lorenz said during the first year of the wellness program, the County wants to drive trial and get employees educated about the program.
- Commissioner Rodgers said with the Affordable Care Act (ACA), the County needs to talk about how it can reshape what it does with health care benefits.
- Commissioner Borgeson said a resolution directing County Administration to negotiate a contract with Viverae will be on next week's County Board agenda.

#### **4. Other Business**

##### Long-Term Disability

This item was taken up before Item 3. Speaking to the item were Mr. Lorenz, Ms. Krause, Commissioner Boyle, Mr. Bloomingdale, Ms. Adair, and Commissioner Borgeson.

- Mr. Lorenz said at the County Board's last executive session, he talked about the potential to carve long-term disability out of the pension plan.
- Mr. Lorenz said SilverStone has told him that one result of pulling long-term disability out into a separate program is that it would increase the funding of the pension plan.
  - Mr. Lorenz said the person he spoke to at SilverStone did not have an exact amount. Mr. Lorenz said he'd follow up with SilverStone to see how much of a difference this would make in the pension plan funding.
  - Mr. Lorenz said SilverStone told him long-term disability and pension plans are never combined in the private sector.
- Ms. Krause said after gathering information from Ms. Adair and from Mutual of Omaha, Aon feels it doesn't make sense for the County's long-term disability plan to be self-funded.
- Ms. Adair said the first five years of a person's disability is funded by the pension plan. After that five year period, the County buys fully-insured insurance, and then those payments are paid by Mutual of Omaha.
- Ms. Krause said currently the County pays higher rates for long-term disability than any other entity, public or private, that Aon works with.
- Ms. Krause said that at renewal, Aon would recommend that the County asks Mutual of Omaha to provide a quote for a fully-insured long-term disability plan, and take it to market, as well.
  - Commissioner Boyle said he'd like to see the County take it to market.
- Mr. Bloomingdale said health insurance and pension are mandatory subjects of collective bargaining.

- Commissioner Borgeson said when more information is gathered, she'll bring this topic back for discussion at a future Human Resources Committee meeting.

### **3. Update on Affordable Care Act implementation**

Speaking during this item were Commissioner Borgeson, Ms. Carlson, Commissioner Boyle, Ms. Krause, Commissioner Rodgers, Commissioner Duda, and Ms. Adair. Highlights from the discussion included the following:

- Ms. Carlson said there is a portion of the ACA that will require large employers, like the County, to offer health insurance to all employees that work over 30 hours per week.
  - Ms. Carlson said the County currently offers health insurance to employees who work over 20 hours per week, but there are groups of employees, like temporary, seasonal, and on-call employees, who the County has never considered eligible for health insurance even though they may work more than may work more than 30 hours per week.
    - Ms. Carlson said the County will need to identify these types of employees, and talk to departments to make sure they understand the new law.
- Commissioner Boyle said he thinks it would be unethical for the County cut some employees' hours in order to avoid offering them health insurance.
- Commissioner Rodgers said he wants the County Board to start talking about the ACA's "Cadillac" tax.
  - Commissioner Rodgers said he believes the "Cadillac" tax was built to make organizations change their plan designs.
  - Ms. Krause said the "Cadillac" tax is planned to go into effect in 2018.

The meeting adjourned at 1:28 p.m.