

## Human Resources Committee Meeting

### Douglas County, Nebraska

Monday, October 17, 2016

The meeting convened at 10:59 A.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 October 13, 2016, issue of *The Daily Record*. County Commissioners present at the meeting were Clare Duda, Chris Rodgers, Mike Boyle, Marc Kraft, and Mary Ann Borgeson. Others present at the meeting included Patrick Bloomingdale, Joe Lorenz, Marcos San Martin, and Catherine Hall, Administration; Tim McNally, Karen Buche, Kathy Adair, Carol Donnelly, and Matt Oberle, Human Resources; Dolores Selby, Marcia Carter, and Craig Madsen, Retired Douglas County Employees; Theresia Urich, County Attorney's Office; Jim Maguire, Sheriff's Office; Michelle Winger, Corrections; John Ewing, Treasurer; Roger Rowe, Youth Center; Thomas Larkin, Civil Service Commissioner; Denise Lickel, Civil Service Chair; Todd Bell, Teamsters Local 554; Brian Parizek, Fraternal Order of Police #2; Matt Lewis, Fraternal Order of Police, #8; Scott Stevens, Stevens and Associates; and Constance Mierendorf, Douglas County Clerk/Comptroller's office. Mary Ann Borgeson chairs the Committee.

A video recording of the meeting is available on the Douglas County Website:

<http://commissioners.douglascounty-ne.gov/board-meetings/videos>

#### **Discussion of Separating Dental Insurance from Health Insurance**

- Commissioner Borgeson said there had been requests to offer employees dental insurance separate from health insurance and vice versa. This can be done.
- Kathy Adair said that in the past dental and health insurance benefits had been tied together in Oracle. It was a fast formula; however, it is possible to separate the two. What Human Resources needs is time to do testing and make sure everything works. Ideally, the offer of separate insurances would be made during open enrollment next fall for implementation in 2018. It is a possibility.
- Commissioner Borgeson said there was some discussion that it would be possible to offer dental only the first of 2017.
- Karen Buche said this would require a special enrollment period for dental only. ACA (Affordable Care Act) reporting needs to be completed for 2016. Testing would be required, but it could be offered the first quarter of 2017. The cleanest way to make the change would be to roll the new option out in open enrollment in fall 2017 for 2018. Most likely, employees will opt to take dental insurance because they don't need the health insurance. There would be some impact on claims and the medical plan.
- Commissioner Borgeson said the Board should propose a resolution to agree to the change.

- Scott Stevens suggested the Board look at funding and also look at claims. He also said Human Resources should look into how to do open enrollment for this. There could be penalties for late enrollment.
- Ms. Buche said the County is a self-insured plan and would probably stay with self-insured.
- Commissioner Morgan asked if there would be any impact on costs.
- Ms. Buche said it would be difficult to predict. It could have an impact on the medical reserve fund because the County would potentially have more individuals involved in its health plan for dental and potentially have more claims.
- Ms. Buche and Ms. Adair said there were a handful of requests in the last 3 years.
- Commissioner Borgeson said the change could be made early in 2017 or it could wait until open enrollment next fall. The Board will work on a resolution to make the change.

### **Exploring Changes to Insurance Plan Design/Coverage to Reduce the Costs of the Plan**

- Commissioner Boyle said there were two ways to reduce the cost of the insurance plan: 1) to reduce the coverage and eliminate some of the more expensive procedures or 2) to have the County pay more of the premium. There is \$11 million in the health insurance reserve fund.
- Commissioner Boyle said when the County recently changed to Blue Cross Blue Shield, it said there would be no changes for employees; however, there is an increase in premiums. These two things were unrelated. The County has increased its payment to the new premiums by \$2.5 million from the reserve fund to drive down the premium costs for employees.
- Kathy Adair said that the \$300 and \$600 PPOs are both grandfathered in. Any changes to reduce benefits would result in the loss of grandfather status and there would be additional costs: copays would accumulate to a certain dollar limit; preventive care would have to be paid for, etc. This would be getting into the ACA.
- Patrick Bloomingdale said another option would be to increase the County's contribution to HSA plan accounts that would drive more people into the plan—make it more attractive for people to enroll. The County already offers good plans where the County pays most of the premiums.
- Ms. Adair said currently the County contributes \$1,000 for single coverage and \$2,000 in family coverage to HSAs. The deductible is \$3,000 for single and \$6,000 for family coverage. After that 100% coverage is available. The County could offer the HSA free to the employee for single coverage. That would be \$40/month for single coverage. Currently 53 people are enrolled in the HSA.
- Commissioner Rodgers said that the HSA puts more ownership on the employee and that this requires more than a one-day discussion. Much of the health insurance is codified in contracts. Some places make premiums dependent on individual risk and require pre-tests to determine health goals that employees should reach. Rates are adjusted accordingly. The meat of the discussion is where the County goes with behavioral management because behaviors drive the premiums.

- Karen Buche said the County has taken the positive approach to encouraging behavior changes in establishing a wellness program and incentivizing employees to participate.
- Commissioner Borgeson said that giving a premium break to employees who participate in the wellness program is a positive step this next year.
- Commissioner Boyle asked if all employees understand what HSA plans do.
- Commissioner Borgeson said that Scott Stevens was instrumental in educating County employees about HSAs but more could be done.
- Todd Bell asked if there is any interest in a Taft-Hartley plan for the County. This kind of plan covers major medical, dental, vision, short-term disability, life insurance, etc. It guarantees rates for 3 years. Central States would be willing to insure the entire County management and bargaining units.
- Commissioner Borgeson said the County did look at this approach at one time and it may be worth looking at again.
- Mr. Stevens said the ACA is pushing organizations to look at all kinds of alternatives for funding health care. The movement is toward Accountable Care Organizations which he characterized as wellness programs on steroids; they do not require a third party vendor. The federal government is forcing providers to move from fee for service to fee for value. This is a collaboration between health insurance providers and health insurance payers. Patients are attributed to a particular doctor pool and how well the patients do under the care of that doctor determines the compensation. Blue Cross Blue Shield is a leader in this movement.
- Mr. Bloomingdale said the Board had conversation about ACOs at one time, but the fear was that the networks were too narrow and that they were simply dressed up HMOs. A lot of discussion and education needs to occur before the County could move into an ACO.
- Commissioner Rodgers said this discussion should take place over an entire year with the unions. This is a whole new discussion about behaviors and managing chronic illness. The ACO pushes behavior that includes encouraging walking, vending machines, etc.
- Commissioner Borgeson said there was dismal response by employees to do the assessment evaluation.
- Mr. Stevens said the ACO could do a soft introduction to the idea. It is being done in some places behind the scenes. Providers have new incentives; they will make more money if their patients are healthy.
- Commissioner Borgeson said the Board should schedule ongoing conversations about some of these options. These would be in the future, include analysis of data and would include employees. Each of the options would be vetted, so the Board would be in a position to propose changes.
- Jim Maguire said he is not representing any group but is at the meeting to present his ideas. He said when doing comparables, Douglas County is very much like Sedgwick County in Kansas. It has over 500,000 people; Sedgwick County employees about 2500 employees and it has a \$36 million health budget. The huge difference between Sedgwick and Douglas Counties is that Sedgwick contracts with one hospital and gets a 62% discount. It pays out only \$21 million, saving the County \$15 million/year. It offers employees a 95-5% split.
- Premiums in Sedgwick are:

Individual	\$22/month	County	\$414/month
Individual + Spouse	\$43.98/month	County	\$818/month
Family	\$63.76/month	County	\$1,200/month

- Douglas County pays the following with an 85-15% split:

Individual	\$667/month
Individual + Spouse	\$1,118/month
Family	\$1,700/month

- Both CHI and UNMC have satellites all over Omaha and Douglas County. Both are trauma certified. If the Board could negotiate a 62% discount, the savings would be in the millions.
- Employees would have to use doctors associated with the hospital, but if they did not want to, they could pay an out-of-network rate.
- Commissioner Borgeson said that Union Pacific did this years ago with St. Joseph's and Bergen Hospitals.
- Mr. Stevens said at the heart of what the systems in Sedgwick are doing is sharing risk. At the end of each year, they analyze the data and split the savings. Omaha is very fortunate because it has 2 ACOs from which to choose. Blue Cross is aligned with Nebraska Health Network that includes UNMC and Methodist and United Healthcare has created an ACO relationship with CHI. These were formed 6-7 years ago.
- Mr. Stevens said Blue Cross is not that restrictive. The Nebraska Health Network participants are very serious about driving down costs. They would love to sit down with the County. The real nugget is preventing and reducing chronic illness. Costs rise when someone has a chronic illness because the statistics indicate that someone with one chronic illness is likely to have more than one. The costs associated with a chronic illness are shocking and when a patient has 2 or 3 chronic conditions, the costs are even more shocking.
- Mr. Maguire said he believed that employees would sign on to this kind of system if they could save \$200/month. Health care costs overall are also predicted to rise. UNMC is on the forefront of many medical breakthroughs and research.
- Commissioner Rodgers said if the Board goes this way, the Board would have to be unanimous in its vote.
- Commissioner Borgeson said discussion of this idea could be added to future agendas and asked Marcos San Martin to see if there might be other comparable counties doing a similar health system design. Central States and other similar ACOs should also be vetted.
- Mr. San Martin said Sedgwick is our prime comparable county.
- Mr. Maguire said the Sedgwick system has been going on for years.

### **Exploring Whether NACO Provides for Retiree Health Insurance**

- Commissioner Borgeson said NACO (Nebraska Association of County Officials) does not provide for retiree health insurance.
- Commissioner Boyle asked what it would cost if the County joined NACO for its health insurance.
- Commissioner Borgeson said NACO did not want Douglas County because the County's claim history was too high; however, the County could revisit the request.
- Commissioner Boyle asked if there was any room for retirees under Jim Maguire's plan. He was shocked by some of the premiums retirees have to pay—up to \$1,000/month on limited pensions. He would like to find another way to get coverage for retirees.

### **Discuss Whether Retirees Might Obtain Insurance Coverage through the ACA Exchange**

- Commissioner Borgeson said another idea up for discussion is whether retirees could obtain insurance through the ACA.
- Mr. Stevens said one of the unintended consequences of the ACA is that if an employer like Douglas County provides packages that meet the affordability standards and minimum coverage value standards, then employees cannot qualify for ACA. If retirees are in a class not eligible for or not covered by the County's plan, then they would qualify; however, Medicare secondary payer issues would create an issue.
- Ms. Buche said Medicare is not an issue for County retirees because health benefits stop at age 65.
- Mr. Bloomingdale said AON is looking into the exchange option for retirees.
- Mr. Stevens said the ACA is not going well in part because of the selection process. People are opting in and out of plans and not maintaining the constant insurance pool that is needed.
- Ms. Buche said costs are also increasing.
- Commissioner Boyle said maybe if attitudes changed, and political cooperation was possible, the issues with the exchange could be resolved.
- Matt Lewis said there is another way of saving some money for retirees through the HELPS Act (Healthcare Enhancement for Local Public Safety). Corrections would like to be included.
- Mr. Maguire said HELPS is already offered to retired Sheriff's deputies. It is a pre-tax benefit for retired public safety officers that allows a retiree to reduce his/her taxable income up to \$3,000/year for payments made to premiums for accident, health, or long-term care insurance. (Pension Protection Act of 2006 Sec. 845).

- Ms. Adair said the Pension Committee approved the Sheriffs' deputies as Public Safety Officers and would need a ruling on any other law enforcement retirees.
- Mr. Maguire said the Act defines Public Safety Officers and included Corrections, Youth Center employees, County Attorney's office and Public Defender's office.
- Ms. Adair said there is no cost to the County for this benefit. It allows retirees to have up to a \$3,000 deduction for medical premiums; after that, the payments would be taxed. The retiree pays a \$25 set up fee to Mutual of Omaha.
- Mr. Lorenz said the County needs an opinion from the IRS on who is eligible
- Mr. Bloomingdale raised the question about who decided to extend the benefit to other departments—whether it is the Pension Board or the County Board.
- Mr. Maguire said the Sheriffs were recommended by the Pension Board and approved by the County Board. He said he has the IRS ruling that defines the Public Safety Officers.
- Commissioner Borgeson said either the County will stay the course with the current retiree plan or look at the ACA option to determine what is feasible.
- Ms. Adair said that if someone who was hired under the Rule of 75 retires at age 50, it would be conceivable that the employee would be covered for 15 years. Looking at current data, however, she finds that the average retiree is almost 60 years old.
- Mr. Lorenz said the County had eliminated the Rule of 75 for new hires and that effectively reduces the number of early retirees.

#### **Discussion of Paying Employees to Opt Out of Insurance or Obtain Coverage Elsewhere**

- Commissioner Borgeson said the County would have to come up with a dollar amount to give employees to allow them to shop for their own coverage elsewhere.
- Mr. Stevens said there are two directions companies can choose. The County offers defined benefits. The other direction is defined contributions. Movement in this direction has been spurred by ACA. With defined contributions, the company provides a dollar amount and employees shop a private exchange, put money into a Health Savings Account or go on a spouse's plan. Aon offers one of those private exchanges. The individual would choose which plan he/she wanted.
- Commissioner Boyle said this is worth exploring and it would be great if retirees could somehow be covered.
- Commissioner Borgeson said this is another idea that the committee will fully vet.
- Mr. Stevens said some employers are deploying spousal eligibility: they are not allowed to take insurance if they are covered by someone else. This dramatically reduces the cost of the plan rather quickly.
- Commissioner Borgeson said that historically, employees had to take the insurance but now waivers are available.
- Ms. Adair said that Central States employees have to take the coverage. When coverage was mandated, it was a \$500 deductible plan and it was free.
- Mr. Bell said the Taft Hartley Plan is a high quality package; it covers everything and is a non-profit organization. There are low deductibles and low out of pocket costs. They also guarantee rates for 3 years.

- Brian Parizek inquired about whether they offer HSA type plans and the answer was no.

#### **Adding Sexual Orientation to Non-discrimination Clause for County Contracts and Personnel Policy**

- Commissioner Boyle said he had concerns that if the County does not adapt non-discrimination language that it's almost a greenlight for discrimination.
- Mr. Bloomindgdale said the County may not be able to do it based on a decision the Attorney General wrote after the City had written its policy that political subdivisions can't expand on protections beyond those in State law. His personal opinion is that the County should include a non-discrimination clause.
- Theresia Urich concurred that a 2012 opinion from the Attorney General's office said that political subdivisions can't expand protected classes.
- Commissioner Borgeson said she would put this on the next agenda and asked that the City's ordinance language be looked at.
- Commissioner Boyle said the County cannot vote away civil rights and can't remain silent about civil rights.

The meeting adjourned at 12:19 P.M.