

**CUMBERLAND COUNTY  
FINANCE COMMITTEE MEETING  
THURSDAY, FEBRUARY 3, 2000, 8:30 AM**

**Present:** H. Mac Tyson II, Chairman  
Billy R. King, Commissioner  
Ed G. Melvin, Commissioner  
Cliff Strassenburg, County Manager  
James Martin, Deputy County Manager  
Grainger Barrett, County Attorney  
Amy H. Cannon, Finance Director  
Tonya Harris-Council, Public Information Director  
James Silman, Risk Management Director  
Kathy Wanamaker, Benefits Coordinator  
Rhonda C. Raynor, Deputy Clerk to the Board

**Others:** John Carlisle, Administrator/CEO, CFVHS  
William Belanger  
Rita Graves  
Dr. Sheryl Jordan, MD  
Paul Van Cleave  
Belinda Weaver, CFVHS  
Press

**1. Approval of Minutes: December 2, 1999**

**MOTION:** Commissioner Melvin offered a motion to approve the December 2, 1999 Finance Committee meeting minutes.  
**SECOND:** Commissioner King  
**VOTE:** UNANIMOUS

**2. Election of Chairman.**

**MOTION:** Commissioner King offered a motion to elect Commissioner Tyson Chairman of the County Finance Committee.  
**SECOND:** Commissioner Melvin  
**VOTE:** UNANIMOUS

**3. Selection of Regular Meeting Date and Time.**

The committee set its regular meeting date and time for the first Thursday of each month at 8:30 AM.

**4. Presentation Regarding Doctor Direct Health Insurance Program (Appearing: John Carlisle, Administrator/CEO, CFVHS and Belinda Weaver, CFVHS)**

Mr. John Carlisle, Administrator/CEO of Cape Fear Valley Health System addressed the committee. He noted there had been a number of approaches to providing an insurance program for the County. In the presentation they will make, they will show the outcome of working together with the medical staff in the community. The outcome is Doctors Direct Healthcare. DDH offers a managed care product. It is connected to other entities to help it work as other managed care products. DDH currently has limited offerings to organizations that are self-insured. It will look more like an HMO later on.

Mr. Carlisle then introduced the persons attending the meeting with him. They were, Paul Van Cleave of Carolina Summit Healthcare, Inc., Belinda Weaver of CFVHS, Dr. Sheryl Jordan, MD, Sandhills Physicians, Inc., Rita Graves, Sandhills Physicians and William Belanger.

Rita Graves began the presentation. She noted Cumberland County engaged Hamilton KSA in June of 1997 to study the current health care status of the community. Some of the results of the study are being implemented by DDH. They include: forging physician and hospital partnerships, increasing direct contracting between employers and providers and the defining of clinical quality in terms of output measures and improvement of the quality of the delivery process. She advised that those involved with DDH have met with local employers over a period of one and one-half years. DDH has been designed and created to help fulfill the needs expressed by local area employers throughout our community.

Belinda Weaver then reviewed the structure of Doctors Direct Healthcare. An organizational chart is attached to and made a part of these minutes. They identified the need to partner with organizations that had expertise to process claims and other paperwork. They chose Carolina Summit Healthcare for the job. Carolina Summit Healthcare is in the process of getting an HMO. Carolina Summit Healthcare is provider owned. They also recognized that they want to be accountable on the medical and physical side. They also want to be price-competitive and provide quality care. They realized member services is the key to doing this. Carolina Summit can help answer questions of those persons covered and can also provide a larger number of providers. They will have a newsletter and Internet based products. Employees can be added or deleted on-line. Information for claims can also be obtained on-line. Doctors will be able to go on-line to check a patients benefits, eligibility and whether or not they have met their deductible. The key characteristics of Doctors Direct Healthcare include:

- Community Based – Born in the Sandhills
- Provider Owned
- Focusing on Partially Self-Funded Employers
- Comprehensive Network of Physicians and Hospitals

She noted they are focusing on self-insured groups at this time. They are also in the process of finalizing a contract with Duke University. They realized this contract would be helpful for certain services. She noted DDH has a true focus on employer needs. They based their decisions on employer needs and market demands. The plan provides the following for employers: flexibility in its designs, a health care advisory committee, reporting and a direct link with providers. The advisory committee would assist with access to information for employers or answers to questions they may have. The committee will educate employers based on their healthcare history.

Rita Graves then advised Doctors Direct Healthcare has a locally – based medical management that consists of the following:

- Pre-Certification
- Diagnosis Driven Case Management
- Community Based Disease Management Programs (Clinical Pathways – ex. Diabetes, Congestive Heart Failure)
- Provider Education: Physician Profiling

Ms. Graves noted DDH will have a nurse available to help with pre-certification. DDH will monitor patients with certain illnesses such as cancer to make sure they are getting the care they need.

The clinical pathways or disease management program is not very common. Through this process, a physician can monitor a member to make sure they are doing certain things that will help maintain their health. Clinical Pathways will constantly monitor the method of care and make changes as necessary.

Ms. Graves also noted that since DDH is locally owned there are no stockholders. Administrative costs will remain low. There is direct ownership so the provider will be held accountable to the employer for costs.

Belinda Weaver then reviewed the highlights of Doctors Direct Healthcare:

- Locally owned
- Community based program (Employers & Providers)
- Flexible (can meet Employer Needs – Benefit Plan Designs)
- Capable of producing custom designed reports
- Efficient administrative process = Cost savings to employer
- Offers next century technology – i.e. Claims administration; HR.com; MD.com

Ms. Graves noted she has been speaking with Mr. James Silman over the last several months and they look forward to working with Cumberland County.

Commissioner King asked what would drive the costs of this plan.

Paul Van Cleave advised an employer's past claims will drive the costs. Efficiency will come in the claims processing.

Dr. Jordan advised cost containment and savings come from cost effective contracts with local providers. She is a doctor, on the DDH Board and an employer. This is a win-win situation for patients and providers. Efficiencies are in place because of good contracts. There are cost savings because of medical management.

Commissioner King asked if profits are equally distributed with the owners.

Ms. Graves advised the profits are divided with one-half going to CFVHS and one-half to Sandhills Physicians.

Mr. Carlisle noted the huge factor behind this is control of your own destiny. If the large companies gain all the market share they will begin to dictate everything. DDH is heavily skewed to quality and efficiency and he feels it will be one of the best things for the County. It is also consistent with the Hamilton KSA study.

Ms. Graves advised an estimated .21 cents of the medical dollar goes into administration. That is a national figure. DDH is not about courting a huge stock-owning company.

Commissioner Melvin asked how services are provided out of state.

Mr. Carlisle advised it would be just like the current BCBS coverage. You would follow your plan.

Commissioner Melvin asked management if they have had enough time to analyze this information to determine if there would be a savings to the citizens of Cumberland County.

Mr. Strassenburg advised Mr. Silman was working on the information to compare so DDH can analyze it and provided information on any savings that could be offered. There is no reason to jump into this change. It will affect all county employees as well as citizens. Management would like to go forward deliberately and cautiously. They have an ongoing dialogue with DDH. The bottom line is going to be getting a proposal that is better than what the County currently has. That would include money and services provided.

Mr. Vancleve stated Summit would guarantee efficiency in processing claims. They would reimburse the County if they miss the goals for timely processing of claims.

Commissioner King asked if sixty days would be an appropriate amount of time to wait before the committee re-visited this item.

Management concurred sixty days would be adequate time.

Mr. Carlisle thanked the Committee for allowing them to make the presentation. He noted the plan can be anything the County wants it to be. It can be designed to emulate, modify or improve whatever the County wants to.

**5. Other Committee Concerns.**

No other committee concerns were raised.

**MOTION: Commissioner King offered a motion to adjourn.**  
**SECOND: Commissioner Melvin**  
**VOTE: UNANIMOUS**

Meeting adjourned at 9:20 AM.