

CUMBERLAND COUNTY FINANCE COMMITTEE  
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564  
JANUARY 3, 2013 - 9:30AM  
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman  
Commissioner Kenneth Edge

MEMBER ABSENT: Commissioner Jeannette Council

OTHER COMMISSIONERS

PRESENT: Commissioner Jimmy Keefe

OTHERS: James Martin, County Manager  
Amy Cannon, Deputy County Manager  
James Lawson, Assistant County Manager  
Rick Moorefield, County Attorney  
Howard Abner, Assistant Finance Director  
Buck Wilson, Public Health Director  
Dr. Mark Chandler, Mental Health Medical Director  
Candi York, Mental Health Business and Finance Manager  
James Silman, Risk Management Director  
Jeffrey Brown, Engineering and Infrastructure Director  
Mark Browder, Mark III Representative  
Sally Shutt, Chief Public Information Director  
Candice H. White, Clerk to the Board  
Press

Commissioner Faircloth called the meeting to order.

1. ELECTION OF CHAIRMAN

Commissioner Edge nominated Commissioner Faircloth to serve as chairman of the Finance Committee.

MOTION: Commissioner Edge moved that nominations be closed and that Commissioner Faircloth be appointed to serve as chairman of the Finance Committee.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

2. APPROVAL OF MINUTES – November 1, 2012 Regular Meeting

MOTION: Commissioner Edge moved to approve the minutes.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

2. UPDATE ON MEDICAL PLAN: FUTURE WELLNESS STRATEGY

James Martin, County Manager, introduced Mark Browder, Mark III Representative. Mr. Martin stated Mr. Browder would make a presentation on the Cumberland County medical plan which would include a future wellness strategy for the county.

Mr. Browder stated during the 2011-2012 fiscal year, claims were up about 11% but based on how the plan was budgeted it was in a break-even position and costs of the healthcare plan were covered. Mr. Browder stated to date the medical plan for the 2012-2013 fiscal year is doing well.

Mr. Browder stated key findings in the 2011-2012 plan experience indicated a risk score of 1.87 compared to the Blue Cross/Blue Shield Book of Business risk score of 1.18. Mr. Browder stated this means the risk of health issues coming forward from the county are significantly higher and there is a health status issue within the county that needs to be addressed. Mr. Browder outlined the top fifteen episodes for claimants within the county and stated about one-third of the county membership has high blood pressure. Mr. Browder stated diabetes is the second highest issue and heart disease is the third highest issue. Mr. Browder stated these top three issues are driven by behavior or how county employees/dependants take care of themselves and consume food. Mr. Browder then reviewed the costs for chronic conditions and prevalence to include hypertension, hyperlipidemia, diabetes, obesity and coronary artery disease. Mr. Browder stated for each condition, the risk score for the county exceeded the Blue Cross/Blue Shield Book of Business risk score.

Mr. Browder stated goals for fiscal year 2013-2014 that he has discussed with county staff include improving the health of the county population, improving consumerism and moving towards employee accountability. Mr. Browder reviewed a 20-year snapshot of obesity trends among U.S. adults. Mr. Browder then reviewed healthcare resource consumption percentages and determinants of health to include access to care, genetics, environment and behavior. Mr. Browder stated behavior is the number one driver in healthcare utilization which is at 50% to 75% and behavior can be improved which will have a positive impact on the healthcare plan.

Mr. Browder stated there are no changes proposed in the strategy or employee health improvement initiatives being proposed for the spring of 2013 and the reason it is being continued is to create a baseline for waist circumference, blood pressure, cholesterol ratio and glucose. Mr. Browder reviewed the current base and discounted rate structures.

Mr. Browder outlined accountability strategies or the 2014-2015 incentive plan qualifications and stated to qualify for the discounted rates, employees must not only participate in the biometrics but must also meet three out of four moderate control strategies or alternative methods to qualify as follows:

<u>Risk Factor</u>	<u>Moderate Control</u>
Waist circumference	Abdominal Circumference <40” for males or 35” for females (or improve by 10%)
Blood pressure	<140/90 mmHg

(or lose 10/5 mmHg)

Cholesterol ratio            5.5  
  (or improve by 10%)  
Glucose                            <110mg/dL (fasting)  
  (no alternative method available to qualify)

Mr. Browder stated the standards are reasonable and attainable within the county's employee population and will provide motivation and leadership so county employees can get to a better place with their health issues. Mr. Browder also stated employees will be given over a year's notice that the standards are coming. Mr. Browder stated there will be employees who will legitimately not meet the standards so there will be an opportunity for employees with significant issues to work with their physicians to set an alternate standard.

Mr. Browder then reviewed the 2012-2013 clinic and pharmacy services and stated as far as consumerism goes, there are opportunities for employees to have lower cost care. Mr. Browder explained this care is not meant to replace that of employees' physicians.

Mr. Browder stated change in healthcare will continue to occur and either employee health status will improve or claims will increase, costs will continue to rise and benefits will erode, and employee and county costs will increase or change. Mr. Browder stated this strategy is not guaranteed to prevent costs from increasing but there are significant health issues within the county's population that need to be addressed.

Mr. Browder responded to questions and discussion followed. Mr. Browder clarified that control of health issues through proper medication would be considered as part of the standard. Amy Cannon, Deputy County Manager, advised a major education campaign would need to begin with employees before moving forward with accountability factors in 2013-2014.

MOTION:     Commissioner Edge moved to accept the future wellness strategy for county employees as presented.  
SECOND:     Commissioner Faircloth  
VOTE:        UNANIMOUS (2-0)

Consensus was to forward the matter to the full board as a consent agenda item.

4.     APPROVAL OF RATE INCREASE FOR SEWER SERVICE FOR THE NORCRESS  
         SANITARY SEWER DISTRICT

Jeffrey Brown, Engineering and Infrastructure Director, stated after reviewing the operational costs of the NORCRESS sewer system, it has revealed that the present rate of collections for sewer service is not meeting the costs being incurred by the system for operations and maintenance. Mr. Brown also stated there have been increases by the sewer service provider and electrical providers and at the present rate, there is not any revenue generated to set aside as a capital reserve fund to pay for replacement equipment or needed repairs.

Mr. Brown stated there was a meeting of the NORCRESS Advisory Board to discuss this issue and to make a recommendation to increase the rates, and although the members of the advisory board do not wish to see the rates increase in these times of economic stress, they understood the necessity of the rate increase.

Mr. Brown stated the rates were last increased in 2010 in which the increase raised the rate on sewer service to \$5.50 per 1,000 gallons. Mr. Brown also stated the NORCRESS Advisory Board suggested the following proposed rate increases at its November 29<sup>th</sup> meeting:

<u>Rate Description</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
Residential Customers	\$5.50/thousand gallons	\$6.50/thousand gallons
Commercial Customers	\$5.50/thousand gallons	\$7.00/thousand gallons
Lift Station Maintenance Fee Residential	\$1.00/month	\$2.00/month
Lift Station Maintenance Fee Commercial	\$0.50/thousand gallons	\$1.00/thousand gallons

Mr. Brown stated the flat rate customers have not had an increase in usage since the system went online in 2006 and a proposed rate increase to the flat rate customers of \$5.00 per month would make the new rate \$31.42. Mr. Brown stated this increase is necessary due to the high cost of treating the force mains to prevent damage and odor problems as well as to begin to establish a capital reserve for future needs. Mr. Brown also stated the average monthly usage throughout this system is 4,500 gallons per residential user which equates to an average increase of \$5.50 per month to the individual customer for sewer service. Mr. Brown provided spreadsheets showing the monthly costs associated with the operation of the system as well as revenue requirements to meet the costs. Mr. Brown stated the line also needs about \$300,000 in improvements.

Mr. Brown stated the NORCRESS Advisory Board, county management and he recommend the following to the Finance Committee for forward to the full Board with an implementation date of March 1, 2013 in order to allow time to notify customers:

1. NORCRESS increase its sewer usage rate to \$6.50 per 1,000 gallons for residential service and \$7.00 per 1,000 gallons for commercial service.
2. NORCRESS increase the Lift Station Maintenance Fee to \$2.00 per month per residential customer and \$1.00 per 1,000 gallons for commercial customer.
3. NORCRESS increase its flat rate sewer user's rate to \$31.42 per month.

Mr. Brown responded to questions and a brief discussion followed regarding the rate increase to commercial customers.

MOTION: Commissioner Edge moved to approve.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

## 5. REPORT BY ON MENTAL HEALTH CLINIC SERVICES

Buck Wilson, Public Health Director, distributed a brochure with a list of core mental health services for adults and children/adolescents. Mr. Wilson asked the committee to keep in mind that the clinic was down a few licensed clinicians and a child psychiatrist. Mr. Wilson stated there is only one child physician assistant until the child psychiatrist position is filled.

Mr. Wilson noted the report provided to the Finance Committee contained updates to the report presented to the full board on December 17, 2012 based on questions regarding medical leave and zeros that threw off the numbers. Mr. Wilson stated a new column was added to the productivity report for full time staff to show the percentage of billable hours. Mr. Wilson stated staff continue to strive for seven out of eight hours per day of direct patient contact and work continues on no-shows. Mr. Wilson stated 21% is a low number for full time staff no-shows and is down from the initial 30%. Mr. Wilson stated staff are still working on some of the non-billable reports. Mr. Wilson stated this is a safety net program providing a lot of services for indigent care and therefore there is a focus on non-billable as well as billable.

Mr. Wilson stated the productivity report for other/exceptions was created for positions that are not able to bill the full amount of time they are providing services. Mr. Wilson reported efforts to fill the court psychologist position are moving along, the RN position only works nineteen hours, the medical director's production has tripled due to the absence of two other medical doctors, and the part time physician assistant only works 32 hours per week. Mr. Wilson noted there would have to be a contract with a child psychiatrist in order for the physician assistant to continue to provide services and should the physician assistant no longer be employed, the clinic would be out of business until the child psychiatrist position could be filled. Mr. Wilson responded to questions. Mr. Wilson stated the clinician positions that are known to be going out have not yet been posted so a decision can be made about whether to fill them and the services the positions would provide. Mr. Wilson stated the two child psychiatrist positions have been posted.

Commissioner Keefe asked Mr. Wilson to provide graphs as part of the committee and full board productivity reports. Commissioner Keefe asked that the data show personnel productivity, clients being served and no-shows, and that areas in need of help still be included. Commissioner Faircloth requested data to show trends for problematic areas. Mr. Wilson stated he would like to include a comparison of this year and last year's numbers because better efficiency is one of his goals.

Mr. Wilson stated the patient assistance program, which is comprised of a part time registered pharmacist and a full time patient assistance program coordinator, gives out over \$1 million in wholesale value per year to citizens of Cumberland County at a very limited cost to the county. Mr. Wilson stated some of the members of the community only have access to the following drugs through the patient assistant program.

### Anti-psychotics:

Abilify	\$2,000-\$3,000/90 days
Geodon	\$2,000-\$2,500/90 days
Risperdal	\$2,000-\$3,000/90 day

Seroquel \$3,000/90 days

Anti-depressants:

Cymbalta \$600-\$700/90 days

Prozac \$1,200-\$2,400/90 days

Wellbutrin \$2,500/90 days

Trileptal \$1,500-\$3,000/90 days

\*used for Anxiety

## 6. REVIEW OF MONTHLY FINANCIAL REPORT

Howard Abner, Assistant Finance Director, reported expenditures for year-to-date obligations are 38.2% of budget and this spending rate is slightly above the FY2012 spending level of 37.82%. Mr. Abner stated most departments are spending at levels similar to last year. Mr. Abner noted although \$533,000 was budgeted as start-up for the MCO in November, there were no expenditures recorded for November.

With regard to revenue, Mr. Abner stated ad valorem taxes are ahead of last year but a lot of the increase is just the timing of payments and it will take another two months to get a good trend. Mr. Abner reported sales tax distributions are above last year by about \$800,000 for the first two months but most of the difference is the result of refunds in FY2012 to tax exempt organizations that have not occurred so far this year. Mr. Abner stated overall the amount of revenue coming in to the county is about \$200,000 greater than last year for the first two months and it is a matter of refunds and how the taxes get redistributed. Mr. Abner reported the Mental Health Clinic revenue recognized is only 4% of budget versus spending over 39% and this continues to be a worrisome area. Mr. Abner noted the Animal Services department brought in about \$20,000 more than this time last year however the budget has almost doubled; 56% of the budget has been collected versus 86% last year with the big difference being the increase in the budget. Commissioner Edge requested collections data from other single county authorities to use as a comparison to Cumberland County. Mr. Abner noted the data would be historical rather than current.

With regard to the Crown Coliseum, Mr. Abner reported net results of operations show a \$50K greater deficit than this time last year which is a relatively small amount. Mr. Abner stated the total operating deficit is \$1.6 M which is off-set by a \$1.4M non-operating gain. Mr. Abner stated the total net deficit is \$138.8K. Commissioner Keefe posed questions about the food and beverage tax amounts and requested details on food and beverage collections. Mr. Abner and Ms. Cannon responded to questions.

## 7. OTHER MATTERS OF BUSINESS

Commissioner Faircloth, Commissioner Keefe and Commissioner Edge concurred that the sales tax allocation plan should be discussed during the planning retreat and that mental health merger should also be discussed. Discussion turned to the finance officer position. Commissioner Keefe stated he would like for the finance committee to provide input. Commissioner Edge stated although there is no problem with the finance committee providing input, the position of the finance officer cannot operate solo or be separated from county administration. Commissioner Keefe also asked that school funding also be included during the planning retreat.

There being no further business, the meeting adjourned at 10:55 a.m.