

CUMBERLAND COUNTY FINANCE COMMITTEE  
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564  
MARCH 6, 2014 - 9:30 AM  
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman  
Commissioner Kenneth Edge  
Commissioner Billy King

OTHER COMMISSIONERS

PRESENT: Chairman Jeannette Council  
Commissioner Jimmy Keefe (arrived 9:57 a.m.)  
Commissioner Ed Melvin

OTHERS: James Martin, County Manager  
Amy Cannon, Deputy County Manager  
James Lawson, Assistant County Manager  
Quentin McPhatter, Assistant County Manager  
Rick Moorefield, County Attorney  
Melissa Cardinali, Finance Director  
Sally Shutt, Chief Public Information Director  
Kelly Autry, Budget and Management Analyst  
James "Chico" Silman, Risk Management Director  
Rodney Jenkins, Health Department Assistant Director  
Kendra Manning, Employee Wellness Coordinator  
Mark Browder, Mark III Brokerage Services  
Jennifer Graber, Noresco  
Candice White, Clerk to the Board  
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – JANUARY 7, 2014 SPECIAL MEETING

MOTION: Commissioner King moved to approve the minutes.

SECOND: Commissioner Edge

VOTE: UNANIMOUS (3-0)

2. UPDATE ON HEALTH INSURANCE, EMPLOYEE PHARMACY AND CLINIC

BACKGROUND:

Mark Browder, Mark III Brokerage Services, will provide an update at the March 6, 2014 meeting of the Finance Committee on health insurance, employee pharmacy and clinic. Materials will be handed out during the meeting or sent under separate cover.

RECOMMENDATION/PROPOSED ACTION:

Receive update.

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James Martin, County Manager, called on Mark Browder, Mark III Brokerage Services, to provide an update on the medical plan. Mr. Browder reported the following with regard to the performance of the medical plan:

- The county has been able to maintain the same plan design since the 2010-2011 plan year.
- For the 2011-2012 plan year, the pharmacy and clinic were implemented.
- The 2012-2013 plan trend decreased nearly 8% or a claims decrease of \$1,300,000.
- In the current 2013-2014 plan year, the claims have decreased nearly 7% or \$620,000.
- For 2013-2014 and beyond, the pharmacy and clinic have been incorporated into the medical plan budget.

Commissioner King asked Mr. Browder to account for the trending down of the 2013-2014 plan year. Mr. Browder stated positive impacts to that plan year include a combination of things such as the wellness strategies the county implemented, the employee pharmacy, some of the clinic services and just pure luck.

Mr. Browder provided the following update on the 2013-2014 plan experience:

- Active employee claims: \$518.17 per employee/retiree per month
- Pre-65 retirees: \$647.23 (more claims per participant)
- Post-65 retirees: \$260.97 per month
- Combined/aggregate: \$493.60 or trending below 7%

Mr. Browder stated when the employee clinic and pharmacy are incorporated, the county is in the black approximately \$549,080.55, which means the county is doing well this year.

Mr. Browder outlined the 2014-2015 renewal estimates or projections as follows:

- Medical and Pharmacy Net Claims: \$15,092,542.10
- Standard Trend Upward of 5%: \$16,149,020.05
- PPACA-Fee for Comparative Effective Research Agency-July 31, 2014: \$3,598.00
- Copays to Accumulate to Out of Pocket Maximum: \$301,850.84
- PPACA-Transitional Reinsurance Fee: \$226,611.00 (\$63 per member)
- Fixed Cost: \$2,671,645.20
- Pharmacy, Clinic and Wellness: \$1,200,000.00
- Renewal Calculation: \$20,549,127.09
- Cumberland County 2013-2014: \$19,272,511.55
- 2014-2015 Rate Action-Projection: 106.62% (6.62% increase)
- Dollar Change: \$1,276,615.54

Mr. Browder stated there is a 3% increase attributable to Health Care Reform costs which equates to \$532,059.84.

Mr. Browder also provided the following calculations to show how the estimated figures were achieved:

- Standard Trend – 5% divided by 12, times the number of months (17) till the end of the plan year, times claims
- PPACA- Fee for Comparative Effectiveness Research Agency – July 31, 2014 - \$1 per member
- Copays Accumulated to Out of Pocket Maximum – 2% times claims
- PPACA – Transitional Reinsurance Fee – 2014-2016 – First Payment Due December, 2014 - \$63 per member
- Fixed Cost – Estimated Administration and Stop-loss Costs

Mr. Browder stated Mark III is currently in the process of verifying the competitiveness of the pharmacy against BCBSNC pharmacy discounts. Mr. Browder also stated over the last twelve months, the clinic has averaged approximately 1.2 patients per hour and he thinks there is an opportunity to improve that frequency and the cost efficiency. Mr. Browder further stated the best way to explore the options or available solutions is through a Request for Proposal (RFP) process.

Commissioner Faircloth inquired regarding the plan's budget implications and how it compared to the prior year. Mr. Browder stated budget implications are \$1.3 million. Amy Cannon, Deputy County Manager, explained estimate renewal costs are about the same as the prior year.

Mr. Martin stated having more patients seen at the clinic will help drive the numbers even lower; the 1.2 patients seen per hour ought to be much higher. Mr. Martin also stated the RFP will provide comparisons to determine whether the clinic is as cost effective as initially anticipated to be. Mr. Martin further stated the employee pharmacy has exceeded in terms of the volume of employees utilizing the pharmacy and the resulting savings has exceeded expectations. Mr. Browder stated the pharmacy has worked diligently to convert to generic medications, which is a cost savings to the member and the county.

Questions followed related to underutilization of the employee clinic. Mr. Martin stated it was not initially due to an unwillingness of employees to use the clinic and was most likely due to the operational philosophies of clinic staff. Mr. Martin stated the RFP will compare current costs and productivity of the clinic to that of a private business/medical business operational mindset, which may be where the issue lies. Mr. Browder stated the question is how to improve the utilization and flow through clinic services and an RFP will make a variety of solutions available to the county. Mr. Martin stated efforts have been made to address the issues although they have not been as successful as hoped.

Commissioner Faircloth inquired regarding the next step. Mr. Martin stated if the RFP process is initiated, the board will have to act to discontinue the funding to the Health Department to operate the clinic and the RFP would then be exercised by whatever means the board elects. Mr. Martin stated the RFP process will add clarity as to what needs to happen and will be initiated by Mr. Browder at no cost to the county. Mr. Browder stated he will report on the proposals at the May Finance Committee meeting.

Commissioner Council stated she views this as an overarching problem and it is alleged that people are unable to get appointments in the Health Department. Commissioner King asked Rodney Jenkins, Health Department Assistant Director, for his explanation. Mr. Jenkins stated

he wanted to go on record that the Health Department works really hard to ensure that every employee of Cumberland County is being seen. Mr. Jenkins stated the Health Department adult care clinic is on average only able to see sixteen to eighteen patients per day with two providers, and the clinic does its best not to turn anyone away. Mr. Jenkins stated he truly believes the employee clinic is still in its infancy and he takes pride in saying he and Mr. Browder worked together in Robeson County to formulate its plan. Mr. Jenkins that was a different experience and Cumberland County is a different place. Mr. Jenkins stated that he was sure that the Health Director would ensure that the Health Department will abide by whatever decision is made by the committee, but the clinic does everything it can to see patients and produce positive outcomes.

Commissioner King asked if the Health Department had enough staff. Mr. Jenkins stated the Health Department could use another provider but he did not know whether that was feasible. Commissioner Faircloth compared the clinic's patient numbers with patients seen by private providers. Commissioner Edge stated the board is not happy with the results and he would suggest that Mr. Jenkins relay to Mr. Wilson it needs to be improved. Commissioner Edge also stated he is aware Mr. Wilson works for the Board of Health but the Board of Commissioners funds part of the department's budget. Commissioner Edge further stated he concurs with Commissioner Council that this has got to get better.

### 3. REVIEW OF MONTHLY FINANCIAL REPORT

Melissa Cardinali, Finance Director, provided the highlights of the financial report as of January 31, 2014 as follows:

- Revenues
  - Ad valorem taxes: collections are consistent with the prior year
  - Sales taxes: collections are slightly behind the prior year; however, the impact of holiday sales will not be known until February and March
  - Pet registration fees: 38.4% of budget has been collected for a total of \$189,139
- Expenditures
  - Expenditures remain on target with budget with no unusual patterns detected

### 4. OTHER MATTERS OF BUSINESS

There were no other matters of business.

There being no further business, the meeting adjourned at 10:04 a.m.