

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
OCTOBER 1, 2015 - 10:30 AM
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Jeannette Council (arrived 9:37 a.m.)
Commissioner Larry Lancaster

OTHER COMMISSIONERS
PRESENT: Commissioner Jimmy Keefe

OTHERS: Amy Cannon, County Manager
James Lawson, Deputy County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Rick Moorefield, County Attorney
Vicki Evans, Finance Director
Deborah Shaw, Budget Analyst
Tammy Gillis, Director of Internal Audit and Wellness
Sally Shutt, Governmental Affairs Officer
Brenda Jackson, Social Services Director
Joel Strickland, Fayetteville Area Metropolitan Planning
Organization Executive Director
Ifetayo Farrakhan, Community Transportation Coordinator
Jeffrey Brown, Engineering and Infrastructure Director
Mark Browder, Mark III Brokerage Services
Candice White, Clerk to the Board
Press

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – SEPTEMBER 3, 2015 REGULAR MEETING

MOTION: Commissioner Lancaster moved to approve the September 3, 2015 regular meeting minutes.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (2-0)

2. MEDICAL PLAN UPDATE BY MARK BROWDER

BACKGROUND:

One of the initiatives undertaken by the County's newly formed Budget Division is the review of major expenditure drivers for the County. Included in this review was an assessment of prior year funding of health insurance. Staff will discuss results of this review as it relates to the

historical funding of insurance. Additionally, Mark Browder will provide an update on current year claims expense.

RECOMMENDATION/PROPOSED ACTION:

No action by the Committee is needed; this is for information purposes only.

Melissa Cardinali, Assistant County Manager, stated the County's budget division has been reviewing the major expenditures and health insurance is one of the major drivers. Ms. Cardinali stated two of the concerns are that health insurance costs were budgeted across requested positions instead of actual positions, and it appears in prior years the cost of the pharmacy, the Wellness Program and the clinic may not have been included in conversations for the health insurance fund covering the County's health insurance costs. Ms. Cardinali stated it is believed that the cumulative impact of those two items appears to be between \$1 and \$1.4 million to the health insurance fund. Ms. Cardinali stated steps have been taken to ensure that when insurance is analyzed, it is done comprehensively and it is shored up for health insurance. Ms. Cardinali stated one of the primary steps is increased communication between all parties involved in forecasting health insurance needs and the County's funding, which seems to have been a weaker link in the past. Ms. Cardinali stated it is believed that there may be funds available from FY15 to transfer one time to the health insurance fund to correct the budget problem. Ms. Cardinali stated the audit for FY15 is still not complete and the proposal is that upon completion, the appropriate revision will be brought to the Finance Committee for review and approval.

Ms. Cardinali recognized Mark Browder of Mark III Brokerage Services, who provided the following presentation as an update on the County's medical plan:

Historically the County had several years of minimal or no increases to health insurance

- 2010 – 2011: No funding increase due to plan changes
- 2011 – 2012: 9% funding increase – no plan changes
- 2012 – 2013: No funding increase and no plan changes
- 2013 – 2014: 6% funding increase – no plan changes
- 2014 – 2015: 8% funding increase – no plan changes, ACA impact \$700,000
- 2015 – 2016: No funding increase due to plan changes

Knew the positive trend would not continue.

Wholesale changes implemented in anticipation of trend change:

- Wellness program
- Employee clinic
- Employee pharmacy
 - Current pharmacy trend 3.4% over past 4 years versus pharmacy industry trend of 15%
- Despite the positive steps taken, pressures remain on the health insurance fund.

Going into the 2015 – 2016 Plan Year, several changes were made to impact the \$1,800,000 renewal increase.

- Plan design changes were made.

- Spouse eligibility was modified.
- A dependent eligibility audit was conducted.
 - Result – 176 dependents removed from the plan.

	BCBSNC 150k - 7/14 - 6/15	BCBSNC 150k - 7/15 - 6/16	BCBSNC 150k - 7/15 - 6/16
	Current	Renewal	Option 2
	In-Network	In-Network	In-Network
Primary Care Physician Visits	\$30	\$30	\$30
Specialist Physician Visits	\$60	\$60	\$60
Well Baby Care	100%	100%	100%
Immunizations/Injections	100%	100%	100%
Physical Exams	100%	100%	100%
Pap Smears/Mammograms	100%	100%	100%
Age 26 Adult Children	Yes	Yes	Yes
Deductible	\$1,000	\$1,000	\$1,500
Deductible - Family Maximum	\$3,000	\$3,000	\$4,500
Coinsurance Limit	\$2,000	\$2,000	\$2,000
Coinsurance Limit - Family Ma	\$6,000	\$6,000	\$6,000
Hospital Services	Deductible/20%	Deductible/20%	Deductible/20%
Emergency Room	Deductible/20%	Deductible/20%	Deductible/20%
Pharmacy	\$10/\$45/\$60/25%	\$10/\$45/\$60/25%	\$10/\$55/\$70/25%
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Dependent Eligibility Change		No	Yes
Change	N/A	109%	100.0%
Dollar Increase		\$1,857,678.56	\$0.00

Option 2. Was taken.

Mr. Browder stated at the time renewals are done, all the data for the plan’s year end is typically not available so when the FY15-16 renewal was done, claims data was only available through December 2014. Mr. Browder stated claims data for July 1, 2014 through June 30, 2015 is now available and it reveals the following:

- Overall claims increased in 2014 – 2015 by 17%.
- Pre-65 Retiree costs are a significant concern.
- 2014 – 2015 Pre-65 Retiree trend was up 34%.
- 2015 – 2016 Pre-65 Retiree trend is up 44%.
- July 2015 was the highest claims month ever at over \$2,500,000.
- High claimants are up and some of those claims are outside of the plan’s ability to control.

Mr. Browder reviewed the following health issues, top health risks and top 15 episodes for Cumberland County employees and stated although Wellness Programs can have a positive impact, it takes time to undo some health conditions. Mr. Browder stated the Wellness

Program will not only help mitigate claims, it will also improve the health of the employee population and their quality of life.

Health Issues
Chronic Condition Cost and Prevalence Most Recent Year

	Employee Prevalence		% Variance
	County of Cumberland	Industry	
Hypertension	44%	31%	13% pts. higher
Back & Joint Disorders	32%	27%	5% pts. higher
Hyperlipidemia	29%	23%	6% pts. higher
Diabetes	18%	13%	5% pts. higher
Obesity	17%	11%	6% pts. higher
Depression	11%	11%	<i>similar</i>
Asthma	8%	6%	2% pts. higher
Coronary Artery Disease	8%	4%	4% pts. higher
Migraine	5%	5%	<i>similar</i>
COPD	5%	2%	3% pts. higher

The conditions above support the Wellness initiatives that the County has implemented

**Top Health Risks for
 Cumberland County Employees**

- Weight ----- Cardiovascular Disease, Hypertension, Diabetes
 - Cholesterol ----- Coronary Artery Disease Stroke
- Blood Pressure ----- Heart Disease, Stroke, Heart Failure, Kidney Disease

Top 15 Episodes

Episode	Claimants	Allowed Amount	Allowed Amount/ Claimant	Allowed PMP
Diabetes	481	\$1,066,490	\$2,217	\$23.74
Hypertension	1,287	\$985,133	\$765	\$21.93
Ischemic Heart Disease	169	\$868,797	\$5,141	\$19.34
Malignant Neoplasm - Breast	47	\$738,428	\$15,711	\$16.44
Joint Degeneration - Back	264	\$571,033	\$2,163	\$12.71
Septicemia	25	\$555,541	\$22,222	\$12.36
Chronic Renal Failure	68	\$550,144	\$8,090	\$12.24
Bacterial Lung Infection	37	\$458,315	\$12,387	\$10.20
Routine Exam	1,378	\$438,439	\$318	\$9.76
Joint Degeneration - Knee/Lower Leg	162	\$404,853	\$2,499	\$9.01
Adult Rheumatoid Arthritis	34	\$401,678	\$11,814	\$8.94
Non-Malignant Neoplasm - Female Genitourinary Tract	96	\$349,617	\$3,642	\$7.78
Obesity	428	\$345,810	\$808	\$7.70
Mood Disorder, Depressed	276	\$335,362	\$1,215	\$7.46
COPD	105	\$310,005	\$2,952	\$6.90

Employee Health Improvement Initiative
2015 – 2016 Incentive Plan Qualifications

- To qualify for the discounted rates, the employee must participate in the biometrics, AND;
- Meet 3 out of the 4 moderate control categories or improve in the categories.

Risk Factor	Moderate Control
Waist Circumference	Waist Circ < 40” Male or 35” Female
<i>Alternative method to qualify</i>	<i>Or improve by 10%</i>
Blood Pressure	< 140/90 mmHg
<i>Alternative method to qualify</i>	<i>Or lose 10/5 mmHg</i>
Cholesterol Ratio	< 5.5
<i>Alternative method to qualify</i>	<i>Or improve by 10%</i>
Glucose	< 199mg/dL (non-fasting)
<i>Alternative method to qualify</i>	<i>Not applicable</i>

- The biometric screenings are October 2015.
- Positive results from Wellness will take time.

Mr. Browder stated wellness is never done and there will be future recommendations.

Mr. Browder provided highlights of the Medical Plan Review and stated data is through August and September’s data will be available in two to three weeks. Mr. Browder stated based on claims data, there is about a 12% increase needed for fiscal year 2016-2017. Mr. Browder noted it is early and future claims will come in, but it typically does not get worse so this is a reasonable estimate for the next fiscal year.

Medical Plan Review

- Looking toward the 2016 – 2017 renewal, current plan performance is dictating that an increase is warranted.
- Based on current plan performance and expected funding, an increase of approximately 12% would be needed for fiscal year 2016 – 2017.
- This renewal estimate is early, but the County needs to plan for increasing health care costs.

Mr. Browder reviewed plans for fiscal year 2016-2017 as follows and stated it is unlikely the fully insured options will be more cost effective than the strategy of self-funding which the county currently has. Mr. Browder stated the County is currently limiting about \$1 million in taxation by being self-funded.

2016-2017 Plans

- At this point, marketing the Health Plan is warranted.
- We will review the current funding strategy of self-funding and fully insured options.
- The expectation is the plan will be bid out in December and alternate plan designs will be reviewed.
- At that point, the plan will be reviewed again to assess what, if any, changes should be implemented for FY17.

Mr. Browder stated the first phase of the Wellness Program is just being implemented and future incentives to address weight permanently will be coming up in discussions for next year. Mr. Browder stated impact is needed on the weight side, which is a common issue throughout the entire County and the other counties with whom he works.

Questions and discussion followed. Options for the Board to consider will be presented in January or February, 2016.

Ms. Cannon highlighted leadership changes made in the County’s Wellness Program and advancements made in the area of wellness. Ms. Cannon stated there has also been discussion about branding the Wellness Program and other ideas such as educating employees about the decisions they make with regard to their medical issues. Ms. Cannon stated her understanding from a recent conference she attended is that it takes three to five years to see any cost reduction from wellness initiatives.

3. CONSIDERATION OF CONVERTING 13 TIME-LIMITED SOCIAL SERVICES POSITIONS INTO FULL-TIME POSITIONS

BACKGROUND:

Continued funding for 35 time-limited positions was included in the FY 2016 budget for the Department of Social Services (DSS). These time-limited positions have been in existence for two years to assist in the NCFAST transition, to clear the backlog of food stamp and Medicaid cases and to assist with challenges created by the Affordable Care Act (ACA) enrollment.

Since the adoption of the budget, the United States Department of Agriculture (USDA) notified the North Carolina Department of Health and Human Services (DHHS) of our State’s failure to meet the federal regulatory processing requirements for the Food and Nutrition Services Program (FNS). Our State has been placed on a corrective action plan by USDA.

In order to comply with USDA requirements, North Carolina must achieve the processing standards below:

- 85% average statewide timeliness by December 2015
- 95% average statewide timeliness by June 2016

These timeline rates must be achieved to avoid suspension of federal dollars counties receive to administer the FNS program. Currently, Cumberland County receives over \$2 million in federal FNS funds.

On August 26, the Social Services Board met and approved the Director’s request to County management for consideration of converting the 35 time-limited positions to permanent positions. Since that time, County management has met with the DSS Director several times to develop strategies to successfully meet all the state and federal mandates. The table below provides FNS caseload data and staffing levels for the top four counties.

County	2015 FNS Household Cases	Percent Increase Since 2008	2015 FNS FTE’s	Caseload Per FTE
<i>Mecklenburg</i>	157,400	92%	169.9	926 Cases

<i>Guilford</i>	95,326	92.5%	66.8	1,427 Cases
<i>Wake</i>	83,220	84%	62.4	1,332 Cases
<i>Cumberland</i>	70,780	77%	43.58	1,624 Cases

The top four counties noted above will determine the statewide success or failure in achieving the federal mandated timeliness standards. The County’s research further indicates that all the urban counties except Cumberland have added permanent full-time positions to address the multiple challenges in the FNS and Medicaid program since 2014.

It appears the County’s strategy of utilizing time-limited slots and mandatory overtime for the last two years to meet state and federal mandates is not proving to be effective. The County’s timeliness rate is less than 70% and its payment accuracy standards are out of compliance as well. In addition, the turnover rates for income maintenance caseworker positions (for FNS and Medicaid) mean the County is continuing to lose experienced staff.

County management believes the County must take immediate steps in improving the quality and timeliness in processing FNS applications. The following steps are recommended:

1. Convert 13 time-limited positions to full-time FNS positions as of October 18, 2015. (No additional funding is necessary since retirement and health insurance has been funded previously for these time-limited positions.)
2. Seek assistance from a third party through June 30, 2016, to assist in the processing of Medicaid applications, which significantly increase during the open enrollment period for the ACA beginning in November.
3. Continue to seek creative solutions, such as non-traditional hours and work weeks, telecommuting, etc., to address the cyclical demands in Medicaid and the on-going challenges in improving our FNS timeliness and accuracy rates.
4. Implement Board approved recommendation to employ Business Intelligence techniques and methodology in reviewing the business processes at DSS to seek efficiencies. This initiative will be advanced once the new positions in the County’s Information Services Department have been filled.

Ms. Cannon reviewed the background information and recommended steps as recorded above. Ms. Cannon stated although not included in the information recorded above, there are guidelines about getting food and nutrition benefits or EBT cards within seven days in emergency situations and within thirty days in regular cases; however, in the state’s corrective action plan, they have imposed stricter guidelines. Ms. Cannon stated in emergency cases once a food and nutrition application is submitted, the state says that the EBT card has to reach the applicant in four calendar days; this was done to increase the County’s compliance. Ms. Cannon stated in regular food and nutrition cases, the state has imposed twenty-five days as opposed to thirty days. Ms. Cannon stated creative solutions are being sought to address these cyclical demands which could include holidays.

Commissioner Council asked whether staff had been pulled from other departments. Brenda Jackson, Social Services Director, stated staff have been pulled from other departments to work

on Saturdays; however, this can only go on for so long because they also have workloads to complete. Ms. Cannon stated the most urgent need is food and nutrition and Medicaid, and she does not want Cumberland County to be one of the four counties that causes the state to be out of compliance.

Commissioner Faircloth inquired regarding the affect of the four steps as recommended. Ms. Cannon stated it would get the County down under 1,300 and perhaps 1,100. Ms. Cannon also stated funding is already allocated for the thirteen time-limited positions so there is no budgetary impact at this time. Ms. Cannon stated budget revision B16-086/086A is for the contract with Vanguard for November through June; the total contract is \$1.1 million and county dollars would be \$191,000 and Medicaid funding can be drawn down in the amount of \$830,000. Ms. Cannon stated there are other North Carolina counties in a similar position who have already used the services of an outside vendor to assist with Medicaid. Consensus was to place this item on the October 5, 2015 agenda.

MOTION: Commissioner Lancaster moved to approve the steps as recommended above.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

4. CONSIDERATION OF COMMUNITY TRANSPORTATION PROGRAM GRANT MATCH FOR FY2016

BACKGROUND:

The Cumberland County Community Transportation Program has applied for a 5310 Grant to provide non-medical transportation to the elderly and disabled populations within the urbanized area of Cumberland County, where the City of Fayetteville’s FAST-Trac services are not available. This will provide approximately 6,500 units of service throughout the areas of Spring Lake, Hope Mills, Fort Bragg, Parkton, and Fayetteville. The grant will total \$150,000 and 10% (\$15,000) is needed to meet the match requirements. In prior years, the County was able to utilize fare revenues for the grant match, but staff has been informed by the NC DOT Public Transit Division that using fare revenue as the grant match is no longer allowable.

RECOMMENDATION/PROPOSED ACTION:

It is requested that Cumberland County approve a local match of \$15,000 from the General Fund, reference budget revisions B16-085 & B16-085A, to provide these transportation services.

Ms. Cannon introduced Joel Strickland, Fayetteville Area Metropolitan Planning Organization Executive Director, and Ifetayo Farrakhan, Community Transportation Coordinator. Ms. Cannon advised Community Transportation has been strategically moved under Joel Strickland. Ms. Cannon called on Mr. Strickland who reviewed the background information as recorded above. Mr. Strickland stated the non-medical transportation to the elderly and disabled populations was stopped at the end of the last fiscal year due to uncertainties with funding and numerous citizens have called wanting to know when the services will be

resumed. Mr. Strickland stated this is a very important service to the County and the clients it serves.

MOTION: Commissioner Lancaster moved to approve a local match of \$15,000 from the General Fund, reference budget revisions B16-085 & B16-085A, to provide these transportation services.

SECOND: Commissioner Council

VOTE: UNANIMOUS (3-0)

5. MONTHLY FINANCIAL REPORT

BACKGROUND:

The financial report is included as of the 13th period of fiscal year 2015. Highlights include:

- Revenues
 - Current real and personal property taxes – final figures show a strong year of collections.
 - Motor vehicle tax revenues – final figures show a strong year of collections.
 - Sales tax collections are up compared to last fiscal year. We will end the year with \$39.7 million in total sales tax.

- Expenditures
 - General Fund expenditures remain in line with budget and show no unusual patterns.

- Crown center expense summary/prepared food and beverage and motel tax
 - No fiscal year 2015 changes since last month's report

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Ms. Evans reviewed highlights of the financial report for the 13th period of fiscal year 2015 as recorded above and stated this report does not reflect the final total for revenues for current real and personal property taxes for the fiscal year. Ms. Evans stated in November she will report on the first three months of fiscal year 2016.

6. OTHER MATTERS OF BUSINESS

There being no further business, the meeting adjourned at 10:22 a.m.