One City’s Healthcare Journey

MME Winter Institute

February 7, 2019

Rebecca Fleury | City Manager, City of Battle Creek
Chadd Hodkinson | Area Vice President, Gallagher
Today’s Discussion

- City of Battle Creek – an overview
- Current healthcare program
- Program evolution – the why, what and how
- What’s next?
- Questions
City of Battle Creek

- City Government
  - City Commission (Mayor, Vice Mayor and seven commissioners)
  - 10 Departments & 7 Divisions
  - Nine bargaining groups
- 533 Full and part time employees
- 431 Full and part time employees covered under the City’s healthcare plans
- 367 Retirees covered under the City’s healthcare plans
- City spends $9.4 on healthcare annually
- The City and Gallagher have been working together since 2006
Current Healthcare Program

BCBSM Self-funded Program

Actives
Can choose between traditional PPO, PPO HSA or HMO HSA

Retirees
1. Pre- and post-65 commercial coverage (148)
2. Medicare Advantage (130 PPO and 89 HMO)

- Stop loss and pharmacy coverage written through BCBSM
Program Evolution

Evaluation → Multi-year strategic plan → Education by committee → Bargaining → Program modifications → Evaluation
Data Analytics and Chronic Disease Management

Using data to drive decisions

Program adjustments

Forecast renewals

Utilization trends and plan cost drivers

Understand population health to guide decisions

Multi-year strategic plan

Workforce evaluation
Benefit Committee

- Committee comprised of leadership from both union and non-union groups
- Forum for collective learning about the healthcare marketplace and cost drivers
- Process for building understanding and ownership
- Meeting frequency has varied based upon need and circumstances
Pharmacy Benefit Initiatives

Cost containment through risk avoidance

- Implementation of step therapy, prior authorization and mandatory maximum allowable cost
- Interplay between education and bargaining
- Thoughtful rollout with intensive informational sessions
Wellbeing Committee

*Incentivizing healthy behaviors*

- Wellbeing committee established in 2008
- Health risk assessments
- Wellbeing related education and communication

- Increased access for preventive services
- Increased engagement with City-sponsored health-related activities and resources

*Relationship observed between employee morale and wellbeing participation*
Rollout of HDHPs with HSA Funding

Managing program stability and sustainability

• Introduction of a high deductible health plan (HDHP) offering coupled with a health savings account (HSA) in 2013
• Coincided with reduction of plan offerings (actives and retirees)
• Partial funding of the HSA provided to incentivize enrollment and ease transition
Voluntary Benefits Program

Employee-paid gap coverage for out-of-pocket expenses

• Introduced in 2013 to complement new HDHP offering
• Use of one on one sessions with licensed, salaried benefit counselors
• Offerings included voluntary life and accident coverage
Retiree Healthcare Coverage

Introduction of Medicare Advantage

• Medicare Advantage PPO plan introduced in 2012
• Post-65 retirees have steadily migrated to MA plan
• Medicare Advantage HMO mid & high options introduced in 2017
• Coverage levels and employee contributions for commercial retiree healthcare coverage (based on hire/retire date) have incentivized enrollment shift
Onsite Clinic

Providing convenient access to primary care

- Shared clinic model implemented in 2014
- Original participants included the City, Calhoun County, and Toyota Tsusho America
- CareHere used as the clinic vendor partner
- Fair market value analysis performed for compatibility with HDHP
- Work done with Blue Cross Blue Shield to manage out of pocket maximum accumulators
Pharmacy Benefit Contract Review

Driving cost efficient performance guarantees

Background

• City was seeking reduction in projected prescription drug costs through procurement and contract changes

Challenge

• Reduce projected PBM costs without impacting member copays or placing additional restrictions on plans

Solution

• Conduct RFP soliciting several national PBMs to compare, negotiate and revise contractual provisions

Results

• Estimated 3 year cost avoidance of $239,000
• Savings through contractual changes identified with no change to copays, plan protocols or stoploss

3 Year Rx Cost Projections (2016-2018)
Concierge Services
Helping employees efficiently navigate the healthcare system

• Call center with dedicated benefit program support
  • Coverage questions
  • Find network providers
  • Claim resolution advocacy
• Dual benefit of supporting employees and helping bridge gaps due to turnover
• Opportunities to enhance and scale resource
• Coordinated human resources process review to identify other, potential efficiencies
Plan and Network Alternatives

Choices for a diverse workforce

- HMO plan alternative offered in 2018 for both actives and retirees
- Successfully negotiated coordination with onsite clinic
- Strong committee and union support with robust education for employees
- Roughly 10% of population shifted in first year
- Positive feedback on new alternative received from early adopters
Telemedicine/Mobile Medicine

Additional convenience when accessing care

- Blue Cross Online Visits introduced in 2019
- Provides easy access to primary care for employees
- Allows flexibility in evaluating and optimizing clinic strategy
- Communication campaigns leading up to open enrollment and through 2019 to boost participation
Collective Bargaining and Communications

Navigating and implementing change

• Communication strategy
  • Effectively engaging employees
  • Sharing employment value proposition
• Employee education
  • Meetings at all City locations
• Union benefit committee
• Wellbeing Program & Committee
• Promoting consumerism
• Employee engagement
• Benefits concierge services
• Health fairs
Regulatory Compliance

Ensuring compliance with federal and state regulations

- Public Act 106 and opportunities to use results strategically for education and decision support
- Public Act 152 annual evaluation
- Public Act 202 and impacts of changes on OPEB liability
- Compliance with federal rules related to high deductible health plans and health savings accounts
What’s Next

The future of the City’s healthcare program

• What will continue?
  • Data analysis to support ongoing program changes
  • Programs designed to engage employees and support the improvement of population health

• What could change over time?
  • Delivery model for primary care
  • Strategic partners for the purpose of enhancing coverage, increasing engagement and reducing spend
  • Organizational surveys to measure engagement
Questions?
Thank You!

Rebecca Fleury | City Manager, City of Battle Creek
269-966-3378, ext. 1201
RLFleury@battlecreekmi.gov

Chadd Hodkinson | Area Vice President, Gallagher
517-898-7752
Chadd_Hodkinson@ajg.com
Gallagher Benefit Services, Inc., a subsidiary of Arthur J. Gallagher & Co., (Gallagher) is a non-investment firm that provides employee benefit and retirement plan consulting services to employers. Securities may be offered through Kestra Investment Services, LLC, (Kestra IS), member FINRA/SIPC. Gallagher’s Investment advisory services may be offered through Kestra Advisory Services, LLC (Kestra AS), an affiliate of Kestra IS. Gallagher Fiduciary Advisors, LLC’s (GFA) investment advisory, named and independent fiduciary services may be offered through Gallagher Fiduciary Advisors, LLC, an SEC Registered Investment Advisor (GFA) which is a single-member, limited liability company with Gallagher Benefit Services, Inc. as its single member. No employees of GFA are registered to offer securities or investment advisory services through Kestra IS or Kestra AS. GFA may pay referral fees or other remuneration to employees of AJG or its affiliates or to independent contractors; such payments do not change our fee. Some of the individuals employed by Gallagher are registered to offer securities through Kestra IS or investment advisory services through Kestra AS. Neither Kestra IS, nor Kestra AS is affiliated with Gallagher or GFA. Neither Kestra IS, Kestra AS, Gallagher, GFA, their affiliates nor representatives provide accounting, legal or tax advice.