

MINUTES

BLUE RIBBON TASK FORCE ON THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES Wednesday, December 2, 2009 9:00 a.m.

Legislative Building, Room 1228/1327

The Blue Ribbon Task Force on the State Health Plan for Teachers and State Employees met Wednesday, December 2 at 9 a.m. in Room 1228/1327 of the Legislative Building

Representative Hugh Holliman, Co-Chairman presided. Upon motion of Senator Apodaca and second by Ms. Adcock the minutes of the meeting of November 18, 2009 were approved. (**ATTACHMENT: MEMBERS PRESENT.**) Representative Holliman called attention to the summary of priorities developed from members' comments made at the November 18th meeting. Representative Folwell suggested some attention should be paid to fraudulent use of the State Health Plan. There was no immediate indication of where that might fall in the Task Force work, but the idea was taken under advisement.

PRESENTATIONS

Prioritizing the Work of the Task Force

Theresa Matula of the Legislative Research Division explained the priorities list was developed from the discussion as mentioned above. At that previous meeting, Gann Watson of the Research Staff presented an explanation of the legislation which created the Task Force and the areas the Task Force could consider, from oversight to benefits etc. Research Staff grouped the points made during the discussion into broad categories and sub-groups. The prioritizing was done by the Co-Chair, Representative Holliman. (**ATTACHMENT: PRIORITIZING THE WORK OF THE BLUE RIBBON TASK FORCE.**)

Representative Braxton was concerned that the list would 'handcuff' the Task Force. Representative Holliman said items could be added based on the will of the group.

Chuck Stone said based on discussions with state employees, he would like to see a comparative analysis with other state health plans and review of best practices in health insurance.

Ms. Adcock would like to see early intervention considered.

The Co-Chairman was amenable to the members' suggestions.

Wellness and Disease Prevention Promotion Efforts

Dr. Jack Walker, Executive Administrator for the State Health Plan began his presentation with a brief history of the Plan as created and the goals of the Plan. **(ATTACHMENT: STATE HEALTH PLAN OVERVIEW.)**

He said the two major causes of preventable deaths in North Carolina were tobacco use and lack of diet/physical activity. Yet, he pointed out, automobile accident deaths occupied more attention from media.

He provided demographic data concerning plan membership, type of plan, average of members etc. Membership by gender shows nearly 70% of the members are women.

Approximately 50% of the members of the plan have some sort of chronic condition. Responding to Mr. Stone's question of chronic versus acute/catastrophic, Walker said an acute condition lasts less than a year while chronic was ongoing and catastrophic was an acute condition with either ultimate improvement or death.

Mr. Walker explained that some of data in his report was provided from the Behavioral Risk Factor Surveillance Survey. Ms. Adcock asked how the figures might match up with data from the Centers for Disease Control. Casey Herget with the State Health Plan explained that the data provided here was specific to North Carolina and the State Health Plan.

Over 2004 and 2005 the State Health Plan began working to slow down the increased costs for members with chronic disease. The vehicle for this is called Health Smart run by a company called Health Dialog. The program involves coaching through contact with members to see if they will change their behavior thus change their risk scores thereby costing the Plan less money. Dr. Walker provided anecdotal information about the program. Representative Braxton asked the cost for the Plan to use Health Dialog and the extent of the company's work. Health Dialog is paid @ \$28 million per year. The Plan clears expenses and receives @ \$18 million on top of that. Dr. Walker said an incentive program will be started through the HealthSmart in January to encourage members to be involved in case management with gift cards for those who complete the program.

In response to a question from Mr. Stone, Dr. Walker said less than 5% of the Plan members had completed a health risk assessment.

This was followed by statistics concerning the rationale for choosing tobacco use and weight issues as the target of the wellness initiative.

Mr. Stone asked about cost factors if only the smoker in a family was assigned to the 70/30 plan and not the entire family. Dr. Walker said he had no figure, but he said the challenge that would be faced, if a tier system such as Mr. Stone suggested, would involve changing the various payroll systems used in state government. He estimated it could take as long as five years to adjust payroll withholding etc. across the various agencies. Dr. Walker noted that while claims systems were based individually, the enrollment system with premiums is based on the enrolled unit and collected through the variety of payroll operations.

In another service provided by Health Dialog, data is developed to analyze lifestyle factors and sociodemographic profiles to allow messages to be tailored to various member-segments of the adult population. During this part of the presentation, Dr Walker

urged the group to remember the importance of keeping the healthy members in the Plan at a healthy level. And as he put it, "if one member gains a pound, then another member better lose a pound" so that the level does not climb overall. Keeping the people who are at the low level of weight at that low level will save health care costs. Dr. Walker said keeping healthy people in a healthy state would save more in costs than trying to "bend" the lifestyles of other members.

Dr. Walker explained further sections of the data showing such factors as emergency room use, in-patient use, socioeconomic status, education and clinical factors.

The State Health Plan smoking cessation begins July 1, 2010 with all members on the 70/30 plan, unless they check the application as a non-user of tobacco or are enrolled in a smoking cessation plan. The weight control initiative begins in 2011 with the target of a body mass index of 40. The Session law requires verification of the tobacco usage restrictions, but no verification on weight.

Mr. Stone expressed concern that many low income members did not have access to computers so that they could participate in the Health Risk Assessment to allow the Plan to address their needs. He suggested that all members should be required to take the assessment.

Representative Braxton asked what programs would be offered to members who were affected by the weight management component.

(At this point, Senator Apodaca needed to attend another meeting. He left saying the State Health Plan did a great job identifying where the money goes, but needed to do a better job in bringing money in, specifically younger members in the plan.)

To that end, Dr. Walker said to get dependent coverage increased would require the Plan to subsidize the coverage by 70% to %75 to bring in "nearly all the people on the Plan that you would desire to have on the Plan."

Dr. Walker said some agencies have work site health capability to work with wellness programs and other facets of employee health.

In the tobacco cessation program, he said participants would be given free nicotine patches, there would be access to the Quitline and FDA approved smoking cessation medications are covered by the Plan.

Ms. Adcock raised the point of cost of cessation drugs. She said providing free drugs to those who wish to stop using tobacco would bring savings that would outweigh the costs. Dr. Walker said the Plan would look at that.

Concerning weight-loss drugs such as Meridia and Xenical, Dr. Walker said people tend not to stay on them because they are not a long-term fix. He said they are effective, but difficult to tolerate. Ms. Adcock suggested increasing the nutrition visits per year for people who are obese and wish to lose weight.

In further discussion, Dr. Walker said there were some state agencies which showed they do a poor job encouraging healthy lifestyles for employees because those workers have very high health care costs. He suggested that the Department of Correction was in this category. He wants to set up a community clinic in the Butner area because the members there don't go to the doctor unless it is absolutely necessary and then it is emergency room or urgent care offices.

Mr. Stone compared State Health Plan with general population saying that higher educational levels usually meant better health conditions.

Representative Braxton asked if the state could hire a physician for some areas. Dr. Walker said that state law prohibits competition with private business. So he said the Plan has approached the provider community with the idea of contracting personnel and services.

Ms. Ransome brought up the Community Care Network as providing some of the support. Dr. Walker said the major barrier was the cost of the co-pays with the State Health Plan.

Ms Adcock said that providing services on-site or closer to members was a point to consider. Further she said if state law prohibited competition with private enterprise preventing the hiring of a physician then perhaps the law should be changed.

Dr. Walker provided insight into various wellness programs and sites that members could use. He said the challenge is getting members to engage in the programs. His opinion is that the mechanism must be brought to the work place. Dr. Walker said that the State Health Plan could only provide the various wellness services, other than the upcoming tobacco cessation and weight loss initiatives, to state agencies. The agencies can decide not to participate in some programs.

He also spoke of the question of various incentives for participation, i. e. should the Plan use more incentives such as t-shirts, tote bags and the like? He said such a decision would need guidance from the legislature.

In summary, Dr. Walker said the overall effort is aimed at saving money for members and taxpayers, strengthening the Plan through optimal health for members and lower out of pocket costs.

Representative Folwell asked about a previously referenced statistic that 35% of members did not take medications as prescribed. Tracy Stephenson from the State Health Plan explained that the figure related to chronic disease patients who tended not to adhere to the prescription protocol longer than six months. She noted that there had been some lowering of co-pays and the Plan was starting a pilot program to improve the adherence rate.

Representative Folwell also asked about the discovery that in one state agency 18% of the males above a certain age suffered from chronic conditions such as diabetes, pre-diabetes, hypertension—but had not been diagnosed. Dr. Walker said the discovery came during a health fair when a “shocking number” of males above a certain age did indeed have those previously undiagnosed conditions.

Representative Folwell said he was concerned with the future of primary care physicians as a part of the health care picture. He also said there should be some sort of consequence for members who used the Plan fraudulently.

Mr. Feezor said the various parts of government needed to be re-engaged with the Plan and take a more involved role. He suggested that units of government could use employee profiles to make the unit aware of the per-member cost of the agency.

Mr. Feezor also asked about feedback that might come after a health coach deals with a patient. Dr. Walker said the feedback is given to the primary care provider about what the coach is doing, but there was not a Current Procedure Terminology (CPT) code to allow a physician to charge for the service. In some instances, he said this means that the patient himself is the manager of his own health care, not a physician. He said there were motions toward better compensation for primary care physicians in these instances.

Dr. Walker said he believes there should be better availability for acute care at the work site and the use of nurse practitioners in place of the primary care physician who is not being compensated financially. He told the members that while better health would produce savings that the major benefit would be from greater productivity from a healthier work force.

Mr. Feezor asked if the Plan could provide agencies with risk factor assessment information. Dr. Walker said that information could be provided. Mr. Feezor went on to say that agency heads could see how their employees fit in the health scheme of things and thus into productivity. Ms. Adcock said departments should embrace the idea of work-site health opportunities as a measurable way to gain productivity.

Ms. Simmons who teaches in the Guilford County Schools spoke of two cases of teacher assistants, one of whom has a gross monthly just over \$1000, is paying \$500 per month for her husband's coverage that he has not used, the other assistant continued to work despite an ankle injury because she couldn't afford to take a day off to seek medical attention. Ms. Simmons referred to these women as the people who are behind the numbers that may be associated with the Plan.

Mr. Stone asked if there was comparative data to match North Carolina with another state plan with similar demographics. He said that when the benefits are calculated, who the plan members are must also be factored. Dr. Walker said the information for 48 states is available on line. Co-Chair Representative Holliman asked if a set of comparative data could be made available.

Mr. Stone said that often state employees with low incomes would be leaving one job each day and going directly to another with little food choice other than fast food with the inherent contribution to obesity. He believes a multi-faceted approach including nutrition is necessary. He also wanted to know if food preparation and actual food preparation demonstrations would be provided. Dr. Walker said he would have to look into that. He went further to say that the State Health Plan can't solve these issues by itself, that agency buy-in is necessary.

Representative Braxton asked Mr. Stone if SEANC was doing things to make members aware of health issues. Mr. Stone said that Health Plan articles were made available in news letters and presentations. He said the problem is how to structure the wellness initiative so that the programs (tobacco cessation and weight loss) are not punitive and considered to be better for the individual's own health.

Representative Folwell asked for clarification on the exodus from the plan of young, healthy families. Dr. Walker cautioned that the exodus could not be considered necessarily as 'young' families, since he did not have that information. He did say that the Plan was insuring fewer people due in part to lay-offs, etc. He said the number of people seeking COBRA coverage had doubled. (Consolidated Omnibus Budget Reconciliation Act allows employees who are laid off to purchase group rate coverage for certain periods of time.) He said he would get further demographic information about the members who have been leaving the Plan.

Dr. Walker went on to say that a member could be healthy at 60 or not so healthy at 60 and that the goal was to make people healthy at any age. He said the need was to ingrain the idea of good health into peoples' lives. He added that schools needed to be involved in the goal of good health.

After Dr. Walker's presentation, Representative Folwell praised the information as putting a face on the problem. He reiterated his support for putting the Plan on a calendar year basis. He said his experience had been that those members who have been leaving the Plan are young, healthy families. Part of the problem he said is that members do not know how much their coverage will cost until the General Assembly passes the budget. As he put it, "We have no opportunity to compete for the business." Co-Chair Representative Holliman said that issue would be addressed.

Representative Holliman said the Task Force would meet again in January.

The Committee adjourned at 10:33 a.m.

Representative Hugh Holliman
Co-Chair, Presiding.

Carol Bowers, Commission Clerk

Ted Harrison, Minutes