

**LABOR HEALTHCARE COMMITTEE
MEETING**

Minutes

May 13, 2014

Committee Members Present:

County Commissioner Rebeca Sosa
(for Commissioner Jean Monestime)
Deputy Mayor Russell Benford
Andy Madtes, Administrator, AFSCME 199

Other Attendees: Meeting Sign-In Sheet attached

Ms. Arleene Cuellar, Director of Human Resources, called the meeting to order at approximately 1:40 p.m. Attendees were asked to review the minutes of the April 30th meeting. The Committee subsequently approved the minutes. Ms. Cuellar summarized the goals of the Labor Healthcare Committee (LHC):

To promote open communications and discussions on healthcare;
To identify cost savings and plan redesign.

In light of the budget gap for fiscal year 2014-2015, healthcare is one of the areas to be evaluated for possible savings. She continued with an overview of the discussions presented at each of the prior meetings of the LHC. The major points were summarized in the May 13th handout.

Deputy Mayor Benford asked why the hospitals in slide #5 are displayed in different colors. What is the difference? Ms. Cuellar explained that all the hospitals listed on the slide for the tri-county area are in the AvMed HMO network, and the ones displayed in blue participate in the Select HMO Network. Currently, the Select HMO Plan is offered to Jackson Health System (JHS) employees only. JHS employees enrolled in the Select HMO are limited to the facilities displayed in blue.

Commissioner Sosa asked: How were the facilities in the Select Network chosen and why is Miami Children's Hospital not on the Select Network? Ms. Patricia Nelson, AvMed, explained that Jackson Health System helped define which facilities should be in the Select HMO Network. Initially, it was Jackson Hospital and 6 – 7 other hospitals. Later, the list was expanded to approximately 18 hospitals.

Ms. Cuellar ended her presentation and introduced Glen Volk, Gallagher Benefits Services, Inc., who presented goals for the Select Network and HMO/PPO Plans as well as various examples of cost reductions.

Mr. Volk presented information on plan design changes that may yield cost savings, as requested by the Committee at the last meeting. He emphasized that the information presented was merely an illustration and not a proposal. The main points considered were: Promoting greater utilization of the Jackson Health System*, steering employees towards the most efficient facility setting (e.g. free-standing, versus hospital outpatient), promote greater use of generic

medications and develop a contribution structure that encourages migration to the Select HMO Plan.

*Note: Mr. Volk specified that a plan design rewarding members for using JHS facilities may be considered for the High Option HMO and the POS Plans, but cannot apply to the Select Network. AvMed's agreement with the hospitals in the Select Network resulted in a reduced rate for participating in a smaller network. As such, all facilities must be treated the same and cannot be disadvantaged in favor of Jackson.

Mr. Volk added that if the employee out-of-pocket maximum is not increased, the plan will absorb additional costs in 2015 due to Healthcare Reform. Employees will reach the out-of-pocket maximum (i.e. plan begins to pay 100%, no copayment) at a faster rate, because prescription copays will now be applied to the maximum.

Commissioner Sosa expressed concern that we are encouraging employees to migrate to the Select Network, but also making the plan less attractive. We are limiting their choice of facility (steering to a possibly substandard, free-standing facility) for outpatient surgery and directing them to use generics instead of brand name medications. In addition, their out-of-pocket costs will increase by electing the Select Network. Glen Volk responded that all of the facilities in the network have been through AvMed's credentialing process and reviewed by staff during contract negotiations to assure the facility meets quality standards. Mr. Volk commented that hospitals are not the most efficient place for outpatient services, because they charge much higher rates than the free-standing facility.

Commissioner Sosa stated that if the objective is to make the Select Plan more attractive to save costs, then go for less savings during the first year. She suggested that we may want to steer employees to Jackson, but not to increase the employees' cost. Ms. Cuellar explained that the intent is to keep the Select Plan as intact as possible. However, the emergency room (ER) and urgent care centers (UCC) have the same copay and therefore, change in behavior by raising copays for ER makes sense. (ER utilization is 70% higher than Gallagher's benchmark data).

Commissioner Sosa asked whether Jackson is prepared to absorb the migration of employees to JHS facilities. Mr. Volk confirmed that according to Don Steigman, Chief Operations Officer, Jackson Health System, the answer is, "Yes."

Lisa M. Martinez, Mayor's Chief of Staff, reminded the group that a plan comparison chart was distributed at the April 9th meeting, which compared County plans with the Miami-Dade School Board's and two private sector examples. This is a good opportunity to bring that comparison into context when reviewing the illustrations being presented today for consideration.

Deputy Mayor Benford indicated that the issue is how to design healthcare alternatives that compel employees to change negative behavior. He mentioned the example of using the ER as the employee's first choice for medical care, instead of using a primary care physician at a lower cost. We should move employees to more affordable healthcare options without affecting quality of service.

Ms. Martha Baker said that encouraging employees to choose the Select Network makes sense because it means lower costs for employees while also retaining the funds in-house, since JHS is a County facility.

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Deputy Mayor Benford asked Mr. Volk for a utilization breakdown of the three prescriptions tiers. Mr. Volk responded that approximately 75% of prescriptions were for generic drugs, 20% for preferred brands and 5% for non-preferred brands.

Mr. Eli Feinberg, a member of the audience, suggested that Miami-Dade County and Miami-Dade School Board should join efforts and negotiate better rates with the hospitals and since Gallagher represents various government entities, they should take the lead. Mr. Volk stated that Gallagher is not in the business of contracting with hospitals as this is the role of the insurance carrier. One complication is that the School Board and the County have different health insurance carriers and networks. Mr. Volk added, that insurance carriers negotiate rates for their entire book of business. One employer, no matter how large, will not improve upon the negotiated rates significantly.

Ms. Mishell Warner, AFSCME Local 1363, said she was concerned that there were no savings provided to employees (referring to JHS employees), especially if copays were increased as shown on the Benefit Summary (page 5) of the Gallagher presentation. Under the proposed plan design, everyone would pay higher premiums and copays. Mr. Volk said that both the Employee + Children and Family premium rates for the Select Network would be less than the proposed rates in the current High HMO and POS plans.

Ms. Lisa Martinez reminded everyone why these meetings were initiated. The concept was to have an opportunity for information sharing and to have a basic understanding before labor negotiations begin. We are transparently conveying different approaches to save money. Resolutions will happen during the actual labor negotiations.

Mr. Daniel Chang, reporter for The Miami Herald, asked Mr. Volk to explain "Reference Pricing." Mr. Volk explained that reference pricing means establishing a fair price for each service regardless of the facility used. If the provider charges more than the established rate, the insured must pay the difference. Mr. Volk also indicated that it is a difficult concept to apply to hospital pricing.

In preparation for the next session, Ms. Cuellar asked the Committee if they had any topics or specific issues they want presented at the next Committee meeting. Andy Madtes suggested a one day workshop to discuss possible plan alternatives and bring in experts that could offer recommendations for cost savings.

The Committee decided to use the May 28th, as a regular meeting to prepare for the workshop, tentatively scheduled for June 4th. It was agreed that everyone should come prepared with a list of topics for discussion in order to develop a detailed game plan for the June 4th workshop meeting. The May 28 meeting will be held at the Overtown Transit Village building at 1:30 pm.

The meeting was moved for adjournment at 3:40 pm by Mr. Madtes and seconded by Deputy Mayor Benford.

Meeting Date: May 13, 2014
 Place/Room: SPCC - 18-3

LABOR HEALTHCARE COMMITTEE
 FACILITATOR: Arlene Cuellar, Director-Human Resources Department

	NAME	TITLE	ORGANIZATION or COMPANY	PHONE	E-MAIL
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4	Leda Silver	Manager	Aimed	305 671-4749	Leda.Silver@aimed.org
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10	Michelle Warner	AFSCME	AFSCME	786 367 7795	afscmeLocal1363@bellsouth.net
11	Marilyn Roberts	SEIU	Phy & Staff	305 620 5555	
12	Jennifer Callmont	SEIU	SEIU ASSOC	305-901-2828	emfmont@seiu.org
13	E. Feinberg	—	—		
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	NAME	TITLE	ORGANIZATION or COMPANY	PHONE	E-MAIL
17	Arlene Cuellar	Director, HR	MDC-HR		
18	Tyrone Williams	Division Dir.	MDC-HR		
19	Barbara Galvez	OMB Property Dir.	OMB		
20	Russell Benford	Deputy Mayor	MDC		
21	Blanca Hernandez	Event Mgr	Armed		
22	Lisa Mardrea	Chief of Staff	MDC		
23	Vanessa Palacios	Legislative Assoc. Office of the Chair			
24	Diane Fitch	President	FHC		
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35	Robyn Biggins	Labor Healthcare	AFSCME 1363		
36	Rebecca Sosa	Commissioner	MDC		
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