

**SEPTEMBER 19, 2012 SESSION
OF THE
WALWORTH COUNTY BOARD OF SUPERVISORS
COMMITTEE OF THE WHOLE**

The Walworth County Board Committee of the Whole meeting was called to order by Chair Russell at 10:33 a.m. at the Government Center, 100 W. Walworth Street, Elkhorn, Wisconsin.

Roll Call

Roll Call was conducted and the following Supervisors were present: Richard Brandl, Tim Brellenthin, Vice-Chair Jerry A. Grant, Daniel G. Kilkenny, Kenneth H. Monroe, Carl Redenius, Joe Schaefer, Tim Schiefelbein, David A. Weber, and Chair Nancy Russell. Rick Stacey was absent.

Supervisor Stacey arrived at 10:35 a.m.

• **The purpose of the meeting is:**

- Update Regarding County Health Fund and Options Concerning Delivery of Health Care to Employees through a Wellness Center

Administrator Bretl started the meeting by thanking Supervisors for coming in for this committee of the whole meeting. He stated he laid out this issue in his budget letter on September 6, 2012 with respect to our health program for employees and what the future is going to hold. He said the county's health fund has a strong fund balance today. He also said if the county continues with the status quo, the county will have to decrease benefits, increase copays, or similar changes in order to keep the fund balanced. He stated the Board is going to hear from different consultants today and the approach is to learn more about an on-site medical clinic. He said they are seeing many private employers do this. He encouraged the Board to ask questions and explained that they do not have to make a decision today as they are going to be presented with a lot of information.

Deputy County Administrator-Finance Nicki Andersen also thanked the Board for taking the time for this meeting. She stated this wellness center proposal is one of the most exciting concepts she has seen in a long time. She said this concept has been considered for some time and a taskforce was formed, whose members include Chair Nancy Russell, Payroll/Benefits Manager Dale Wilson, and Benefits staff members Sarah Anderson and Josh Pollock. She also said this type of facility is a cost saving measure and has other significant benefits. Based on the findings of the taskforce, a proposal for a clinic and adjacent fitness center has been included in the 2013 capital budget. She stated the improved health of employees will reduce costs. She also stated the county has worked with M3 Insurance Solutions, Inc., the county's health insurance consultant, since 2009. She said with the budget they have put together, they assume those initial investment costs will relatively be paid within a few years. She also said Matt Boray from M3 and David Noshay and Dr. Ray Zastrow of QuadMed are here today to give a presentation. She introduced Matt Boray from M3.

Matt Boray, M3 Consultant, delivered a presentation which outlined the average health care costs of the county. He also presented what the county has done in the past relative to its health plan and he stated the county has made significant progress. He also stated the county's health fund has a strong fund balance which creates an opportunity to invest in initiatives in order to save money in the future.

He said the national average of premium contribution is 20-30% and the county's contribution is 7-12%. He also said there are approximately 800 people on the county's health plan and he expects to see an increase in enrollment as part of the new health care law. Mr. Boray gave an overview of the health care reform law, which was passed in 2010. He explained how the "Cadillac Tax", as part of the health care reform law, could pose a potential problem for the county and they are trying to identify any cost saving measures today in order to prevent having to pay this tax in 2018. He also gave an overview of a data analysis of claim dollars spent. He stated that not all claims will be handled by an on-site clinic. He also stated that chronic illnesses drive costs of health care. He gave examples of top ongoing claims for chronic diseases. He said every employer group is trying to offset the health care expenses by plan changes or wellness programs to help control costs. He also said that shifting the costs to employees does not bring down health care costs. He stated the implementation of a wellness clinic would be a voluntary option for employees. He also stated that Walworth County is a good candidate for this type of program. Mr. Boray introduced Dr. Ray Zastrow from QuadMed.

Dr. Ray Zastrow stated he is the Chief Medical Officer of QuadMed and he is also a family doctor. Dr. Zastrow gave an overview of how the health care system has evolved over the years. He explained that the predominant model today is fee for service and it is driving health care inflation. He also gave an overview of the patient centered model, which is the model that QuadMed has been perfecting. He said this model involves getting to know the patient and this model significantly reduces costs. He explained that Quad Graphics is the parent company of QuadMed. He said an on-site medical clinic assists with reducing avoidable hospitalizations and also focuses on prescribing generic medications. He said they have experienced great statistics and great financial savings with on-site clinics. He concluded by thanking the board for the opportunity to be at today's meeting. He turned the presentation back over to Mr. Boray.

Mr. Boray gave an overview of how a wellness center will impact county and incentives that would increase the employer's return on investment. He also gave examples of the types of services the wellness center could provide, such as immunizations, physicals, employee assistance programs, preventive care, disease management, health risk assessments, fitness, and many others. He explained that qualified employees/elected officials, eligible dependents, and eligible retirees would be eligible to utilize the wellness center. Mr. Boray introduced David Noshay from QuadMed.

David Noshay stated he is the General Manager of QuadMed. He said QuadMed was formed approximately 21 years ago and it was formed to drive employer health care costs down while improving the health of the employees. He explained that QuadMed was approached by other companies to simulate their model. He said they have about 30 clinics with the vast majority being located in Wisconsin. He also said they employ their providers as well as the clinic's staff. Mr. Noshay gave an overview of the costs of implementing an on-site clinic, which included an illustration of the first three years of costs. He explained they use a conservative model with 40% of employees using the wellness center. Payroll/Benefits Manager Dale Wilson stated that employers craft the plan how it would fit to their workplace and create incentives for the employees to utilize. Vice-Chair Grant asked if employees will be required to have an evaluation or wait until an employee walks in the clinic. Mr. Noshay stated that would be based on the plan design. Andersen stated they would expect to move the health risk assessments to the clinic, which would get employees to walk through the door, meet the staff, have a positive experience, and give incentive to come back. Bretl stated the health risk assessments are currently done on a voluntary basis. He also stated it would be automatic savings to have the on-site provider conduct these assessments. Supervisor Kilkenny asked how area providers have reacted to this concept. Dr. Zastrow stated they have good relationships with area organizations and they are less threatened by this than they were a few years ago. Mr. Boray said health care

delivery systems are putting together their own models of on-site clinics because they know employers are trying to reduce their health care costs. Supervisor Brellenthin asked if the on-site clinic would have any effect on the stop loss deductible. Mr. Boray stated it could have an impact and the goal is to control health care costs. Supervisor Kilkenny asked if the excise tax will be based on premiums. Mr. Boray stated they are interested in how the tax is going to be determined and there is a lot of concern with the excise tax. Chair Russell asked if the “Cadillac Tax” would affect employees as well as the employer. Mr. Boray stated he would get information from their compliance attorney and pass that information along to the board.

Andersen stated they put out an RFP (Request for Proposal) for providers in the area and they had four respondents and all came back with a different model, such as doctor model, nurse practitioner model, and provider with own clinic. She said the consensus of the taskforce was to pursue the nurse practitioner model as the best option based on cost effectiveness. Bretl stated the health risk assessments were heavily criticized initially and by implementing this does not mean that you cannot see your own doctor. He said the terms will be for the board to decide. Supervisor Kilkenny stated this is a large capital item in the budget and he asked if the county has considered leasing space for the clinic. Bretl stated they put this in the budget to provide flexibility if decide to do construction for an on-site clinic. He explained this is not on the levy and it will be coming from the fund balance. Chair Russell stated that it is important that taxpayers know that there is no borrowing for this and this will be coming from money saved. She also stated the county is in a good position right now to strongly consider this.

Mr. Boray concluded the presentation by stating they have had a number of groups implement these on-site clinics successfully. He also stated that all models are different and all have been successful in managing costs.

Adjournment

On motion by Supervisor Brandl, seconded by Vice-Chair Grant, the meeting was adjourned at 12:22 p.m.

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COUNTY OF WALWORTH)

I, Kimberly S. Bushey, County Clerk in and for the County aforesaid, do hereby certify that the foregoing is a true and correct copy of the proceedings of the County Board of Supervisors for the September 19, 2012 Committee of the Whole Meeting.