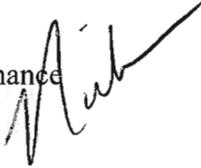




Memorandum

TO: Walworth County Board of Supervisors

FROM: Nicki Andersen, Deputy County Administrator-Finance 

DATE: September 12, 2012

SUBJECT: Committee of the Whole Presentation Regarding the Status of the Walworth County Health Insurance Fund and Wellness Center Option

Finance

Nicole Andersen
Deputy County
Administrator-Finance

In 2007, oversight of the county's health insurance fund was transferred from the Human Resources department to the Finance department. Since that time, a number of initiatives have been implemented to help contain the rising cost of health care. Plan design changes, wellness initiatives, health risk assessments, changes in provider networks, revised payment options, and employee premium contributions have all been utilized to slow the escalating costs and establish significant reserves within the health insurance fund. As a result of having significant reserves, the County is in the position to evaluate future options.

In reviewing the County's health care options, finance staff identified a number of proactive government agencies and private firms that are utilizing onsite wellness centers to reduce the overall cost of health care for their employees. A copy of a memo highlighting the Sheboygan County experience is attached.

The wellness center option was first brought to the attention of the Walworth County Human Resources Committee in November, 2009. At that time, the Committee directed staff to continue their investigation of the onsite option. More recently, the Human Resources Committee reaffirmed their support of the investigation and, as a result, a task force was formed. Members of the task force included Chair Nancy Russell, members of the finance staff and a representative from our health care consultant, M3. As we have discovered, the vision of onsite health care services can take many forms. Early this year, the County solicited information from multiple health care providers in order to become familiar with options that would potentially be available to Walworth County. The group visited onsite clinics in the area to assess the overall scope of their programs.

The task force has put together a presentation highlighting our findings, which will be presented at the upcoming Committee of the Whole meeting on September 19, 2012. From my perspective, the onsite wellness center is an exciting concept. Based upon information that has been provided to us, onsite wellness centers will reduce the overall cost to provide health care coverage. In addition to the reduced cost, the concept provides for improved medical care. It has been noted that the average time allotted to a health care appointment is generally 7 minutes. The onsite concept generally allows for appointments of approximately 30 minutes. With the additional time, the relationship between the medical provider and the patient is enhanced. The program allows for proactive management of chronic illnesses, with the goal of reducing future catastrophic claims.

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While there is still more evaluation work to be completed, the timeline for developing the 2013 budget required a decision on whether or not to include a funding request in the upcoming budget to pursue this concept. Based upon estimated square footage cost estimates provided by Kevin Brunner and Plunkett Raysich Architects, \$1,173,000 was included in the capital plan to give the County Board the ability to evaluate and implement an onsite health care option, if authorized. The initial concept is to provide an onsite clinic and fitness area that will provide basic medical and wellness services. It is the expectation that healthier individuals ultimately result in lower future claims.

Based upon our most recent health risk assessment, 230 participants have indicators of metabolic syndrome, generally as a result of a sedentary lifestyle. Engaging these individuals in a more active lifestyle will assist in improving their medical status. To determine what prevents individuals from engaging in a more active lifestyle, two surveys were conducted in the past three years focusing on how to engage our health plan participants in improving their overall health. For the 34% of respondees who indicated they did not exercise regularly, cost of a gym membership was the number one reason, followed by time and convenience as their biggest barriers. We believe that working to eliminate these barriers will ultimately result in improved employee health and reduced health care costs.

Availability and close proximity of a fitness area is expected to play an integral part in members following through with recommendations of the medical provider, resulting in improved health assessments and overall long-term health. In addition, the area will have the potential to be utilized in the future for physical therapy services, if cost effective.

Funding for the estimated \$1,173,000 capital portion of the project contains no 2013 tax levy nor use of bond funds. \$600,000 of the funding comes from a proposed 2012 health insurance premium increase that ultimately was not required due to savings that were obtained when stop loss insurance was bid out. The remaining \$573,000 will utilize available general fund balance. If the project moves forward, it is expected that an additional budget for implementation costs would be developed based upon the final scope of the project. Initial implementation costs are expected to be funded utilizing a portion of the health fund reserves and would result in no additional tax levy. While the initial investment is significant, the estimated savings of \$750,000 per year will result in a positive return on investment in just a few years.

Representatives from our health care consultant, M3, and from a third-party provider of onsite medical services will present information for your consideration at your upcoming meeting on September 19, 2012. We look forward to discussing this exciting opportunity with you.

NA/kw

c: Dave Bretl, County Administrator
Dale Wilson, Payroll/Benefits Manager
Sarah Anderson, Benefits Specialist
Josh Pollock, Benefits Assistant

Attachment



SHEBOYGAN COUNTY

Human Resources Department
508 New York Avenue
Sheboygan, WI 53081-4126

September 12, 2012

Dale Wilson
Payroll/Benefits Manager
Walworth County Finance Department
100 W. Walworth
Elkhorn, WI 53121

Re: Sheboygan County InHealth Clinic

Dear Dale:

I am happy to provide you, Walworth County Board of Supervisors members, and other managers or interested parties with some information about our employee health clinic project. I am frankly proud of our InHealth Clinic, which I believe has been a success on several levels.

Our clinic began operations in June 2008. We had been discussing the idea for a couple of years as a joint project between the County, City of Sheboygan, and the Sheboygan Area School District. We were looking for ways to start an employee wellness program without any budget for it, and our original idea was that a health clinic could save enough money to pay for the wellness program. For various reasons the city and school district dropped out of the project, and the county decided to go ahead on its own. We contracted with an independent wellness provider, Interra Health Inc., to operate the clinic, and leased office space a block or two from the courthouse. Overhead and setup costs were kept very low.

Our original staffing was one advanced practice family nurse practitioner, at 30 to 36 hours a week, and one LPN working 16 hours a week. The clinic was open four days a week, with hours until 6:00 p.m. one day and early morning hours two days each week, which proved helpful to employees who wanted to schedule appointments before or after work. The clinic is appointment-based, not for walk-in traffic. It is available to any employee, dependent, or retiree who is covered by our self-insured health plan. Employees are not charged for any services provided by the clinic; deductibles and co-pays are waived.

A nurse practitioner can write prescriptions and handle most of the same kinds of things that a family practice physician handles. Many of our employees now use the nurse practitioner as their primary health care provider. Others use the clinic for specific medical problems or to do routine tests, while working with their regular physician as well. The clinic can handle a wide range of laboratory tests through its contracted provider, and the pass-through of wholesale lab costs has been one of our best sources of savings.

Initial reaction to the clinic was strong. We calculated that we would need about 20% of primary health care visits of our members to be at the clinic to support its cost structure, and usage rose to that level fairly quickly and then leveled off until the past year, when it rose again. At least 900 different individuals on the County health plan have used the clinic since it started.

We have used our clinic as the foundation of our employee wellness plan. Health risk assessments have been provided by the same company, which also helps out our wellness committee with various projects. Free health coaching has always been provided at the clinic to employees, who can get confidential assistance with diet, exercise, and other lifestyle improvements which contribute to overall health.

The clinic saves our health plan money several ways. First, a health plan member who comes to the clinic will generally be avoiding a visit to a doctor's office that our health plan would otherwise have to pay for. The charge for a doctor's visit is typically more than the per-visit cost of the clinic by a wide enough margin to cover the waiver of deductibles and co-pays, with some room left over. Second, we save money in lab fees, where we are essentially paying wholesale. These two categories of savings are relatively easy to measure, and have been enough to pay for clinic expenses, including health coaching and other wellness programs.

Far more savings are likely to be due to factors that are not easily measured. Referrals to specialists and other providers by primary care doctors are a major focus of any health care system today. By providing our own independent primary care provider, whose only priorities are to the patient and the employer, we are taking control of that referral process. Our nurse practitioner makes referrals to specialists only when they are needed by the patient, and then will consider cost and quality factors. Cost factors are often at issue in prescriptions, and we don't have to worry about which drug companies have influenced our provider to prescribe more expensive brands, because she has no reason to do that.

Even more uncertain, but potentially larger, are the savings from having healthier employees. Various studies claim various rates of return on investment for wellness programs. I don't put much credence in most of those studies, but then I don't have to—our wellness program is paid for through provable savings, so from a financial perspective the benefits of better health are just gravy.

Our clinic operation has grown in the past year. The City of Sheboygan joined in late 2011, and at that time we also added a full-time chiropractor. The chiropractor has been a larger source of savings on office visits than the nurse practitioner, and we don't have to worry about whether he will encourage too many visits—his incentive is to get people well and off of his schedule.

Most recently, in August 2012 the school district joined the clinic. The school district had just changed its health plan to impose deductibles and co-payments for the first time, and was delighted to be able to provide its members with an alternative that would allow them to avoid making those out-of-pocket payments. The clinic option made the necessary but difficult

changes to the health plan easier for employees to accept, and does not reduce the cost impact of the changes to the district's health plan.

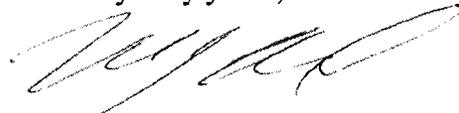
Overall the clinic now covers about 2600 employees (800 county; 350 city, and 1250 school district) and their dependents, with two nurse practitioners, one chiropractor, and 1.5 FTE LPN's. If school district participation continues to grow, we have plans that would allow us to add a third nurse practitioner and a second chiropractor. The clinic is now open five days a week, with three days starting at 7:00 a.m. and three days closing at 6:00 p.m.

Our clinic has had a very strong favorable reaction from employees, the public, and County Board members. I have probably received several dozen emails from employees who took time to thank the County for providing this benefit, and a number of comments from County Board members who had heard positive things from their constituents. I have been invited to speak at meetings of local employer groups and at one national seminar. A number of businesses have asked for information about our clinic and some have started or are thinking about starting their own clinics based in part on our example. There has been no controversy. We have had several nice articles in the local newspaper, and I am sure you have already seen the article in the current issue of the WCA magazine.

Overall, I believe that the clinic project has contributed to a public perception that Sheboygan County as an organization is looking for smarter ways to do things that benefit taxpayers without penalizing employees. We have made at least some progress toward dispelling the stereotype that local government is resistant to new ideas, and replacing it with the perception that we are on the leading edge in improved governmental operations. Our relatively low health expense increases have helped the County avoid raising property taxes three of the past four years. I would encourage any of your board members who wish to gauge the reaction to the clinic to speak with our board members, perhaps at the convention later this month.

Good luck with your project, and let me know if there are any specific questions I can help you with.

Very truly yours,



Michael J. Collard

MJC:hs

Spotlight On Risk Management

Earning Bottom-Line Results from an Employee Clinic

—by Scott Newerth, Director, Consultants, Associated Financial Group

Iet's consider one of the top challenges for public employers, as well as one of its top solutions. A high priority is always lowering or managing costs, and the executives I talk with usually add that we must maintain positive employee relations. Our solution should improve employee satisfaction, if anything, and certainly not hurt it. This might sound like mission impossible, but it is actually not—and that leads me to one of the top cost-management solutions: employee clinics.

First, let's understand what an employee clinic (sometimes called a "virtual" clinic) is not. It is not tele-medicine or web-based health care. It is a physical location providing face-to-face medical services, health counseling and care coordination.

Employee Clinic ROI

I have worked with several clients to implement virtual clinics. One of my clients, Sheboygan County Human Resources Director Mike Collard, is aware that many employee wellness programs receive a bad rap for being "soft." In other words, they offer few measurable results, such as verifiable cost savings, to justify their expense.

However, his wellness program is not one of those. In fact, Collard is remarkably focused on "verifiable" numbers and cost savings. He is even critical of the customary return on investment (ROI) analysis that many

employers conduct to evaluate their wellness programs. Collard agrees that reducing employees' chronic illnesses leads to lower health insurance costs for the employer—and that improved health promotes employee satisfaction and productivity, which in turn improves the bottom line—but he opts to discount this evidence when calculating his program's initial ROI.

"We look at numbers that are very easy to verify," he said. For example, I put together a report for Mr. Collard that helps him determine ROI. "I'll look at the report," Collard said, "to find out how much we pay for employees to use outside clinics as opposed to our employee clinic. Then, I can determine what percentage of office visits must be made to our employee clinic for us to break even. All we need to break even is about 23% of our office visits to be to our employee clinic. Fortunately, we're close to that number already."

Sheboygan County's Employee Clinic

The county's clinic allows Collard to be picky and disciplined about which factors to include when calculating ROI. The clinic, currently staffed by a single nurse practitioner and located near the county courthouse, is the center of a robust program for which Collard has high expectations.

Employee Clinic: Benefits & Savings

- Enhanced individual wellbeing
- Reduced lost work time and absenteeism
- Avoidance of higher cost and time consuming settings, e.g. ERs
- Reduced general and work-related health costs, particularly in claims for workers' compensation
- When combined with value-based Rx drug benefits, improved genetic and therapeutic substitution and greater formulary compliance
- Lower medical trend amongst members who use the clinic
- Reduced referrals to and use of costly services from specialists
- Improved employee morale, retention and productivity

"I disregard most of the studies that show the payoff of wellness programs," he said. "They are too speculative."

When you have a truly excellent program, you do not feel the need to inflate its success. You want to be rigorous in your assessment so that you can improve the program even further. Also, Sheboygan County's

employee clinic allows us to factor in verifiable numbers more than most wellness programs do because we have distinct costs and savings that can be attributed directly to the clinic.

Facts about Sheboygan County's Employee Clinic

The following is a partial list of facts and services offered by the clinic.

Nurse Practitioner Training

- Master's Degree
 - Specialized training in family practice
 - Passed a National Certification Exam in family practice
- ##### Nurse Practitioner Scope of Care
- Provides primary and preventive medical care
 - Diagnoses and treats illnesses
 - Prescriptive authority
 - Focuses on health promotion and wellness
 - Partners with patients to manage chronic illnesses (diabetes, asthma, etc.)
 - Orders, performs and interprets diagnostic studies such as lab work and x-rays

Health, Promotion and Wellness

- Conducts Health Risk Assessments (HRAs)
- Nurse practitioner shares results with patients
- Nurse practitioner coordinates plan for wellness at patient's request

Disease/Case Management

- Identifies high-risk employees through completion of HRA
- Develops customized plan based on individual results
- Monitors each case continually

Continued on page 43

participate in. It is always satisfying to see employees react positively to a program that saves costs for the organization. ☑

Joy Scott is a Senior Benefits Consultant with Associated Financial Group. He can be reached at 800-958-3190.

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Continued from page 31
A 5-Year Journey to "Bend the Trend" in Health Care Costs

Another client, Fond du Lac County, needed to put a stop to skyrocketing health insurance cost increases. In 2005, I helped them implement an employee clinic. When employees used this clinic, my client saved money: they received 64% higher discounts versus other primary care network providers. By 2009, the clinic received 19.1% of all professional office visits and 30% of all non-specialty office visits. The cost savings was significant, and employees viewed the clinic as a major perk. Their health improved since the employee clinic was part of a larger wellness program, and Fond du Lac County's costs relating to health care were reduced even further.

The key to any employee health program's success is communication and education. Wellness or medical resources are successful only to the extent that employees use them. Like to meet with my clients' employees to explain the advantages of the clinic. If you have all the right resources in place, the meetings are successful and a pleasure to

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