

1 By Supervisor Thomas
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6 **A RESOLUTION**
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8 to authorize and direct the development of a consumer-driven health care plan
9 for Milwaukee County employees and retirees to better educate consumers and
10 control costs
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12 WHEREAS, as of July 2011, Milwaukee County provides health insurance
13 coverage for 19,411 employees/retirees and their dependents, which includes
14 9,448 members that are retired (3,453 of which are pre-65 years of age) and 9,963
15 active members; and
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17 WHEREAS, expenditures for employee/retiree health have exploded over
18 the past decade from \$62.8 million in 2000 to \$133 million budgeted for 2011, an
19 increase of 112% despite many measures to better control costs; and
20

21 WHEREAS, consumer-driven health care ("CDHC") are health insurance
22 plans that allow members to use personal Health Savings Accounts (HSAs), Health
23 Reimbursement Arrangements (HRAs), or similar payment products to pay routine
24 health care expenses directly, while a high-deductible health insurance policy
25 protects them from catastrophic medical expenses; and
26

27 WHEREAS, in a CDHC plan, according to *Government Finance Review*,
28 the employer contributes a fixed dollar amount toward each employee's out-of-
29 pocket health care costs by depositing funds in a health care account, out of which
30 the employee pays for medical expenses; any unspent money in the account at the
31 end of the year is usually rolled over to the next year; and
32

33 WHEREAS, if the money in the account is exhausted, the employee pays
34 for any health care expenses up to a high-deductible amount and the plan pays for
35 expenses thereafter, subject to co-payment requirements; and
36

37 WHEREAS, the CDHC model requires that consumers have access to
38 information about provider price and quality so that they can make informed health
39 care decisions, often provided through internet-based support; and
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41 WHEREAS, CDHC plans offer incentives for consumers to shop around for
42 quality health care at a competitive price, while in the current system the price is
43 rarely disclosed and the consumer pays only a small fraction of the cost in the form
44 of a co-payment or co-insurance; and
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46 WHEREAS, the current health care system offers little incentive for
47 doctors, hospitals and clinics to differentiate themselves from other providers by

48 offering better services at a competitive price to win the business of consumers;
49 and
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51 WHEREAS, the Division of Employee Benefits, working in consultation with
52 the County's health care consultant, could design a consumer-driven health care
53 plan with a total cost structure (participant contributions and plan provisions) that
54 properly manages risk to both the County and to participants; and
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56 WHEREAS, the CDHC plan must be designed to reinforce the County's
57 total health management strategies and be slotted within other plan options so as to
58 avoid potential adverse selection and undue costs to the overall plan; and
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60 WHEREAS, the design of the CDHC plan option must be compliant with
61 changing requirements around allowable deductibles and out-of-pocket maximums
62 as designated by the Federal Government on an annual basis; and
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64 WHEREAS, the appropriate and needed educational and consumer
65 decision support tools must also be included as resources with the CDHC plan
66 option; now, therefore,
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68 BE IT RESOLVED, that the Director, of the Department of Administrative
69 Services – Employee Benefits Division is authorized and directed to develop a
70 consumer-driven health care plan in consultation with the County's health care
71 consultant that:

- 72 • Meets Federal requirements for allowable deductibles and out-of-
73 pocket maximums
- 74 • Provides educational and consumer decision support tools as to
75 help participants understand medical provider price and quality
76 differences so that they can make informed health care decisions
- 77 • Can co-exist with any other health care plans offered by the County,
78 if any, so as to properly manage risk and avoid potential adverse
79 selection amongst plan options

80 ; and
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82 BE IT FURTHER RESOLVED, that the proposed plan should incorporate
83 an effective disease management and wellness component that helps ensure
84 participants are given coordinated health care interventions and health coaching,
85 especially since patient self-care efforts are critical to staying healthy and keeping
86 overall costs down; and
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88 BE IT FURTHER RESOLVED, that the proposed plan shall be developed
89 as soon as practicable so that policymakers can examine the merits of the consumer-
90 driven plan and its potential cost savings compared to the current plan design; a status
91 report shall be provided during the 2012 Budget hearings for Org. 1950 – Employee
92 Fringe Benefits.