Wake County Board of Commissioners
Work Session
Ground Floor Conference Room
September 10, 2012
2:00 p.m.

Commissioners present:
Paul Coble, Chairman
Phil Matthews, Vice-Chairman
Joe Bryan
Tony Gurley
Ervin Portman
Betty Lou Ward
James West

Staff present:
David Cooke, County Manager
Joe Durham, Deputy County Manager
Johnna Rogers, Deputy County Manager
Scott Warren, County Attorney
Susan Banks, Clerk to the Board
Denise Hogan, Deputy Clerk
Denise Foreman, Asst. to the Co. Manager
Marshall Parrish, Public Affairs Director

Other Staff present:
Ramon Rojano, Wake County Human Services Director
Brent Myers, Wake County EMS Medical Director
Elaine Johnson, Wake County Human Resources
Paul Gross, Wake County Human Services Finance Officer

Others present:

Chairman Coble called the meeting to order.

Affordable Care Act and Wake County

Dr. Brent Myers, Wake County EMS Medical Director, gave an overview of the potential impacts of the Affordable Care Act to citizens/users of Wake County services, employees, and the county budget. Dr. Myers shared the following information on what has already happened and what is on-going now.

What Has Already Happened?
• Adult dependent health insurance coverage to age 26
• Removal of lifetime insurance coverage limits
• Coverage of prevention
• Insurance plan appeals process
• Over the counter medicines no longer covered by flexible spending accounts
• 10% bonus from Medicare for primary care

What is On-Going Now?
• Value of insurance coverage must be on W2 in January 2013
• Accountable Care Organizations (ACO) – still nebulous for county governments
• Electronic data, billing, and charting requirements
Mr. Cooke said Wake County has implemented the steps that have already happened. He said that legislative mandate is forthcoming for the value of insurance coverage to be on W2 forms.

Commissioner Portman asked if the Accountable Care Organization is capitated. Dr. Myers said it is capitated. He shared the following information about 2013:

- Maximum for Medical Flex Accounts $2500
- Medicare tax increase to 2.35% for income over $200,000
- Pilot bundling of Medicare payments
- Tax on medical devices of 2.3%
- Healthcare CO-Ops are allowed
- Children’s health Care Plan (CHIP) extension

Dr. Myers shared the following information about 2014:

- Individual mandate takes effect
- Healthcare exchanges to purchase insurance (state or federal)
- Employer Insurance Fine – pay the lessor of $3000 for credit or $2000 if no insurance offered
- Option for states to expand Medicaid up to 133% of federal poverty level. First three years 100% federally funded, then 90/10 fed/state (newly eligible, not currently enrolled)

Dr. Myers shared the following information on how all the changes affect EMS.

- Bundled care/ACO/Continuum of Care
  - EMS is currently reimbursed only for transportation to a hospital emergency department
  - Wake County is working with NC Medical Care Commission, NC Office of EMS, and National EMS groups to change this model
  - Depending on progress, this “may” appear in the FY 14 or FY 15 budget

<table>
<thead>
<tr>
<th>Model Description</th>
<th>Direct Billing Revenue</th>
<th>Medicaid Recovery</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$18,433,755</td>
<td>$1,699,584</td>
<td>$20,133,399</td>
</tr>
<tr>
<td>ACA with 100% of self-pay enrolled in Medicaid + recovery</td>
<td>$19,357,194</td>
<td>$4,541,248</td>
<td>$23,898,442</td>
</tr>
<tr>
<td>ACA with 100% of self-pay enrolled in Medicaid – recovery</td>
<td>$19,357,194</td>
<td>$0</td>
<td>$19,357,194</td>
</tr>
<tr>
<td>ACA with 50% of self pay to Medicaid and 50% to private insurance</td>
<td>$21,157,342</td>
<td>$0</td>
<td>$21,157,342</td>
</tr>
</tbody>
</table>

- The current state:
  - Mean Medicare payment for Basic Life Support (BLS) EMS transport = $332
– Mean Medicare payment for emergency department visit = $1,119
– Mean Medicare payment for physician office visit = $242
– No EMS payment for transport to any place but an emergency department

• Assumptions:
  – EMS receives $200 fee for evaluation not tied to transport
  – Cost savings to Medicare per patient encounter is $1,009 for patients referred to clinic rather than emergency department
  – If we can only find clinic appointments for 50% of those eligible and only collect from 75% of those patients, EMS would save Medicare $7,000,000 per year in Wake County

Dr. Myers said the assumptions are patterned to Minnesota’s pilot program where 81% of the physician fee goes to EMS.

Assumption Model with $200 non-transport fee.

<table>
<thead>
<tr>
<th>Model Description</th>
<th>Total Transport Revenue</th>
<th>With $200 Non-Transport Fee</th>
<th>New Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$20,133,399</td>
<td>$512,357</td>
<td>$20,645,696</td>
</tr>
<tr>
<td>ACA with 100% of self-pay enrolled in Medicaid + recovery</td>
<td>$23,898,442</td>
<td>($133,191)</td>
<td>$23,765,252</td>
</tr>
<tr>
<td>ACA with 100% of self-pay enrolled in Medicaid – recovery</td>
<td>$19,357,194</td>
<td>$403,270</td>
<td>$19,760,464</td>
</tr>
<tr>
<td>ACA with 50% of self pay to Medicaid and 50% to private insurance</td>
<td>$21,157,342</td>
<td>$190,617</td>
<td>$21,347,959</td>
</tr>
</tbody>
</table>

Commissioner Ward asked about non-emergency transport. Dr. Myers said those transports require a certificate of medical necessity to be paid. He said the model only affects 911 based services. Commissioner Bryan asked about the timeline for answers. Dr. Myers said decisions would be made on fiscal year basis based on population growth. Dr. Myers said the payment schedule is set each January.

Dr. Myers gave an overview of how changes could affect Wake County Human Resources.

• Good News: Human Resources has been actively setting up systems and complying with all of the mandates as they become effective.
• 2013 Focus:
  – Analysis on offering medical coverage in lieu of Insurance Exchanges
  – Insure compliance with Accountable Care Act (ACA) mandates
– Develop employee communication and explaining ACA & outlining choices.

Commissioner Bryan expressed his concern about Wake County paying fines instead of providing health insurance for employees. Commissioner Portman said that health insurance coverage is provided to be competitive as employers.

Mr. Cooke said there are other reasons to provide coverage including being competitive as an employer. He said that employees will be required to be covered under the Affordable Care Act. Mr. Cooke said that the information provided today was to inform the board of what changes may occur because of legislation.

Dr. Myers said a lot of the details are not known. He said there may be changes to the Affordable Health Care Act based on election outcomes in November 2012.

Ms. Elaine Johnson, Human Resources Director, said that Wake County has complied with all the regulations. She said Wake County insurance compliance and deductibles and out of pocket expenses will be reviewed. Ms. Johnson said an employee may have the option to purchase health insurance through an insurance exchange. The Affordable Care Act (ACA) mandates reporting requirements. Ms. Johnson said along with W2 reporting, the minimal requirements of Wake County’s health insurance plan must be reported. Ms. Johnson said in 2014-2016 there would be market re-insurance fee of $60 per employee for risk pool insurance. Ms. Johnson shared the following focus for 2014 and 2015:

- 2014 Focus
  – Implement plan reporting requirements
  – Limitation on maximum deductibles and out of pocket expenses based on poverty level
- 2015 Focus
  – Automatic Plan Enrollment for new hires.

Ms. Johnson said Human Resources will meet the challenge of communicating these changes to employees.

Dr. Ramon Rojano, Human Services Director, said that staff has worked to gather information. He said that health care automation is changing and improving. He shared the following information based on assumptions:

- If NC Exercises Option to Expand:
  – State Caseload to Increase in 500,000
  – Primarily Adults
  – Wake to Have 4-5% of New Eligibles, or 25,000 to 30,000
  – These Numbers Include a Proportion of Current Medicaid Eligible Population (15-20%)

Dr. Rojano said that Wake County has 80,000 participants in Medicaid and Mecklenburg County has 133,000. He shared the following information about budgetary impacts:

- Budgetary Impacts:
– “Per Member Per Month” (PMPM) replaces fee-for-service
– No Major Changes in Funding For Children Programs
– Changes in Disproportionate Share Funding For Hospitals
– Additional Tools to Control Fraud
– Requires Close Monitoring of Changes

Dr. Rojano said hospitals will be interested in enrolling patients for Medicaid reimbursement. He said monitoring will be required.

Dr. Rojano shared the following technology impacts:

• Technology Impacts:
  – Assist with Management of Increased Caseloads
  – Online Application Capability
  – Implementation of NCFAST Project
  – Electronic Document Management
  – Electronic Medical Records

Dr. Rojano shared the following evaluations needed:

• Evaluations Needed:
  – Changes in Provider Network
  – Public Health Programs and Clinics
    – Impact of New Payer Mix
  – Federally Qualified Health Centers – Wake Health Services
  – Other Non Profit Agencies (Urban Ministries)

He said that clients may apply for benefits online in the future. Dr. Rojano said Wake County Human Services is looking at partnering with Wake Health Services.

Commissioner Bryan asked how Wake County has less Medicaid participants than Mecklenburg County since there is a similar population. Dr. Rojano said that Wake County has a good team of employees. Mr. Cooke said there are better demographics in Wake County than Mecklenburg County.

Benefits Recommendations for Plan Year 2012

Ms. Johnson introduced Ms. Marie Edwards, the new Benefits Manager. Ms. Johnson shared the following 2012 recap:

– Eliminated the HRA plan and replaced with a High/Low dual option PPO plan.
  – Low Option Plan: $30/$45 OV Copay, $1250/$2500 Deducible, 75%/55% coinsurance, $3500/$7000 OOP.
  – High Option Plan to: $20/$35 OV, $500/$1000 deductible, 85%/65% coinsurance, $2500/$5000 OOP
– Adjusted the employee premiums with the goals of:
  – Maintaining the same overall cost share percentage between WCG and the employees
– Incentivize employees to enroll in the Low Option PPO.
– Make the dependent tiers more affordable
– **Added Diagnostic Imaging program to plan.**

Ms. Johnson shared an overview of the enrollment results.

<table>
<thead>
<tr>
<th>2012 Medical Enrollment</th>
<th>Projected</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low PPO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>2706</td>
<td>992</td>
</tr>
<tr>
<td>Retirees</td>
<td>436</td>
<td>331</td>
</tr>
<tr>
<td>High PPO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>651</td>
<td>2431</td>
</tr>
<tr>
<td>Retirees</td>
<td>332</td>
<td>380</td>
</tr>
</tbody>
</table>

- Projected Average Revenue PEPY $985
- Actual Average Revenue PEPY $1293
- Enrollment Migration – The initial assumed migration between plans projected revenue to the plan of $4,061,700. The actual plan migration resulted in $5,343,180 in revenue.

Commissioner Bryan asked if the employees are happy with the new plan. Ms. Johnson said that employees seem to be happy. Wake County’s moving average trend for medical claims has dropped significantly since the end of 2011. Partially due to improved discounts, but mainly due to lower overall costs/utilization.

Ms. Johnson shared the 2012 Utilization Analysis.

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Jan-Apr 2011</th>
<th>Jan-Apr 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services/1000</td>
<td>71.7</td>
<td>56.3</td>
<td>-15.4</td>
</tr>
<tr>
<td>Services</td>
<td>152.0</td>
<td>124.0</td>
<td>-28.0</td>
</tr>
<tr>
<td>Paid/Service</td>
<td>$10,571</td>
<td>$9,899</td>
<td>-$672</td>
</tr>
<tr>
<td>Outpatient Facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services/1000</td>
<td>1,232.8</td>
<td>1,135.4</td>
<td>-97.4</td>
</tr>
<tr>
<td>Services</td>
<td>2,615.0</td>
<td>2,500.0</td>
<td>-115.0</td>
</tr>
<tr>
<td>Paid/Service</td>
<td>$725</td>
<td>$631</td>
<td>-$94</td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services/1000</td>
<td>21,730.4</td>
<td>21,684.4</td>
<td>-46.0</td>
</tr>
<tr>
<td>Services</td>
<td>46,090.0</td>
<td>47,742.0</td>
<td>1,652.0</td>
</tr>
<tr>
<td>Paid/Service</td>
<td>$48</td>
<td>$69</td>
<td>$21</td>
</tr>
</tbody>
</table>

Ms. Johnson shared the following RX Cost Drivers:

Rx costs are trending around 9%, which is up from last year when costs were trending in the 6%-7% range.

- Per Catalyst Rx, the increase is due to greater utilization in the following area:
  – 38% increase in average cost per Single-Source Generic drug; Lipitor mainly.
- 16% increase in average cost per Single-Source Brand drug.
- 9% increase in Specialty Rx drug costs - $200,000 annualized cost increase.
- The main therapeutic categories driving costs are:
  - Antivirals: Treatment of Hepatitis C and HIV
  - Lipotropic: Treatment of High Cholesterol
  - Diabetic Therapies: Treatment of Diabetes

She shared the following information about the Pharmacy Benefit Manager (PBM) renewal with Catalyst.

Ms. Johnson shared the following 2012 Plan Year Performance:

Table 3: Prescription Plan Comparison

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail 30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand AWP Discount</td>
<td>15.60%</td>
<td>15.80%</td>
</tr>
<tr>
<td>Generic AWP(MAC) Discount</td>
<td>69.50%</td>
<td>73.00%</td>
</tr>
<tr>
<td>Brand Dispensing Fee</td>
<td>$1.30</td>
<td>$1.25</td>
</tr>
<tr>
<td>Generic Dispensing Fee</td>
<td>$1.30</td>
<td>$1.25</td>
</tr>
<tr>
<td>Retail 90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand AWP Discount</td>
<td>24.10%</td>
<td>24.10%</td>
</tr>
<tr>
<td>Generic AWP(MAC) Discount</td>
<td>73.00%</td>
<td>77.00%</td>
</tr>
<tr>
<td>Brand Dispensing Fee</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Generic Dispensing Fee</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Mail Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand AWP Discount</td>
<td>24.10%</td>
<td>24.10%</td>
</tr>
<tr>
<td>Generic AWP Discount</td>
<td>73.00%</td>
<td>75.00%</td>
</tr>
<tr>
<td>Brand Dispensing Fee</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Generic Dispensing Fee</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Admin Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Script</td>
<td>$0.60</td>
<td>$0.90</td>
</tr>
<tr>
<td>Formulary Rebates *</td>
<td>$3.75</td>
<td>$3.60</td>
</tr>
<tr>
<td>Mail / 90 Day Retail Per Claim</td>
<td>$11.00</td>
<td>$8.72</td>
</tr>
</tbody>
</table>

Table 4: Yearly Cost Impact

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail 30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand AWP Discount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic AWP(MAC) Discount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Dispensing Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic Dispensing Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mail Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand AWP Discount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic AWP(MAC) Discount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Dispensing Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic Dispensing Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Script</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulary Rebates *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Per Paid Claim</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mail Service Per Paid Claim</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Yearly Savings/Cost</td>
<td>-$181,556</td>
<td></td>
</tr>
<tr>
<td>PEPM Cost Difference</td>
<td>-$3.61</td>
<td></td>
</tr>
</tbody>
</table>

* Catalyst changed rebates from per paid claim to per Brand claim. For ease of analysis, we converted per Brand claim to per paid claim.

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

Ms. Johnson shared that there have been savings of $181,000 in pharmacy benefits over the past year. Commissioner Bryan asked about previous conversations to hire a consultant to save money. Ms. Johnna Rogers, Deputy County Manager, said Wake County decided not hire a consultant. Commissioner Gurley asked why the additional administration fee was added for renewal. He asked about the number of prescriptions associated with the administration fee that would be charged. Ms. Edwards said the numbers based on 2011 scripts. Ms. Johnson said she would provide the information.

Ms. Johnson shared the following 2012 Plan Year Performance:
Ms. Johnson shared the Medical Plan Changes for 2013.

- **Mandated**
  - Plan coverage for birth control & sterilization
    - Estimated cost $29,780
- **Considered**
  - Increasing Speech/Occupational therapy to 60 visits
    - Not being recommended
    - Most entities only cover 30 visits
  - Bariatric Surgery
    - Not being recommended
    - Increase costs up to $200K for 9-18 patients

Ms. Johnson said that the total plan cost for 2012, which includes run-out Health Reimbursement Account (HRA) Plan Claims and HRA fund dollars, is running 0.8%, or $107,295 below the Gallagher Benefits Services (GBS) forecasted amount from 2011. Commissioner Gurley asked whether birth control and sterilization was covered in the past. Ms. Johnson said that in the past the cost was based on coinsurance and now both are covered at 100%. Ms. Johnson said an on-site clinic for employees will be discussed in a couple of months.

Ms. Johnson shared the options for the Blue Cross Blue Shield vendor change.

- **Current** 2012 Wellness Administrative Program
  - 24/7 Nurseline Blue
  - Coaching for Disease Management
  - Online Healthy Dialogue (Blue Points)
  - Annual Cost $31,709 (.40pmpm)

- **New Vendor**: Option 1
  - 24/7 Nurseline
  - Maternity

<table>
<thead>
<tr>
<th>Month</th>
<th>Enrolled Subscribers</th>
<th>Paid Medical Claims (BCBSNC)</th>
<th>BCBSNC HRA &amp; PPO Run Out</th>
<th>Paid Rx Claims</th>
<th>Paid via HRA</th>
<th>Total Net Claims</th>
<th>Fixed Costs</th>
<th>Total Plan Cost</th>
<th>GBS Projected Cost</th>
<th>Variance from Projected Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-12</td>
<td>4,053</td>
<td>$517,826</td>
<td>$1,222,833</td>
<td>$485,940</td>
<td>$53,035</td>
<td>$2,279,634</td>
<td>$178,210</td>
<td>$2,457,845</td>
<td>$2,337,118</td>
<td>$(140,727)</td>
</tr>
<tr>
<td>Feb-12</td>
<td>4,224</td>
<td>$1,488,744</td>
<td>$197,888</td>
<td>$448,679</td>
<td>$3,661</td>
<td>$2,098,373</td>
<td>$185,729</td>
<td>$2,284,102</td>
<td>$2,337,118</td>
<td>$(33,016)</td>
</tr>
<tr>
<td>Mar-12</td>
<td>4,228</td>
<td>$1,630,678</td>
<td>$103,568</td>
<td>$483,078</td>
<td>$226</td>
<td>$2,217,581</td>
<td>$185,905</td>
<td>$2,403,486</td>
<td>$2,337,118</td>
<td>$(66,368)</td>
</tr>
<tr>
<td>Apr-12</td>
<td>4,213</td>
<td>$1,452,328</td>
<td>$17,651</td>
<td>$476,614</td>
<td>$0</td>
<td>$1,946,593</td>
<td>$185,246</td>
<td>$2,131,838</td>
<td>$2,337,118</td>
<td>$(205,280)</td>
</tr>
<tr>
<td>May-12</td>
<td>4,210</td>
<td>$1,627,778</td>
<td>($19,328)</td>
<td>$459,927</td>
<td>$0</td>
<td>$2,068,376</td>
<td>$185,114</td>
<td>$2,253,490</td>
<td>$2,337,118</td>
<td>$(83,628)</td>
</tr>
<tr>
<td>Jun-12</td>
<td>4,211</td>
<td>$1,639,614</td>
<td>$7,855</td>
<td>$432,024</td>
<td>$0</td>
<td>$2,079,492</td>
<td>$185,158</td>
<td>$2,264,650</td>
<td>$2,337,118</td>
<td>$(72,468)</td>
</tr>
<tr>
<td><strong>YTD</strong></td>
<td><strong>25,139</strong></td>
<td><strong>$8,356,968</strong></td>
<td><strong>$1,493,868</strong></td>
<td><strong>$2,786,361</strong></td>
<td><strong>$36,933</strong></td>
<td><strong>$12,690,049</strong></td>
<td><strong>$1,105,362</strong></td>
<td><strong>$13,795,411</strong></td>
<td><strong>$13,902,706</strong></td>
<td><strong>$(107,295)</strong></td>
</tr>
</tbody>
</table>
– Disease Management
– Online Wellness Programs
– No more Blue Points
– Annual Cost $63,400 (.80 pmpm)

• New Vendor : Option 2
  – 24/7 Nurseline
  – Maternity
  – Online Wellness Programs
  – No more Blue Points

Annual Cost $20,600 (.26 pmpm) **recommended**

Ms. Johnson said that staff recommends that Option 2 be considered at an annual cost of $20,600 cost per member/per month. She said the savings are $100,584 for the fiscal year and the plan year savings are $236,372 to date.

No medical insurance premiums are being recommended for the 2013 fiscal year. Ms. Johnson said that 61% of employees have participated in the “know your numbers” health initiative and predictions are 80% participation. Ms. Johnson shared the summary of fiscal year 2013 cost. She said the numbers are based on projected claims, and assuming no increase to employee premiums. The plan is projected to be $222,305 under projected costs.

**Plan Year 2013**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Projected Revenues PY 2013</td>
<td>$30,505,938</td>
</tr>
<tr>
<td>Projected Expenditures PY 2013</td>
<td>$29,832,006</td>
</tr>
<tr>
<td>Mandated Plan Change</td>
<td>$29,780</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$29,861,786</td>
</tr>
<tr>
<td>Plan Surplus (30,505,938 - 29,861,786)</td>
<td>$644,152</td>
</tr>
<tr>
<td>Less increased amount for retirees</td>
<td>-$421,847</td>
</tr>
<tr>
<td><strong>Total projected surplus</strong></td>
<td>$222,305</td>
</tr>
<tr>
<td>Additional Revenue Sources</td>
<td></td>
</tr>
<tr>
<td>Know Your Numbers</td>
<td>$251,460</td>
</tr>
<tr>
<td><strong>Possible Total Additional Revenue</strong></td>
<td>$473,765</td>
</tr>
</tbody>
</table>

Ms. Johnson said that Wake County plans to continue the Know Your Numbers program and the Living Well at Work Diabetes Program. Those insurance covered members that do not participate will have a $20 increase in monthly premium. She shared the following information about the diabetes and dental insurance:
• Delta Dental proposing slight premium increase
• FY12 Budgeted $1,977,000  Total Claims and Admin $1,896,734
• FY12 Surplus $80,266
• Proposed Increase only results in $3,417 for calendar year 2013
• Not Recommending proposed increase for employees

Commissioner Ward asked about adding a gym membership to the county benefits program. Chairman Coble said that some employees would not use a gym membership and tracking whether the membership is used is an issue. Ms. Johnson said that she would consult with Blue Cross Blue Shield on options for a gym membership.

Ms. Johnson shared information about a Prudential 457 Plan that is being offered to employees.

- Full-time, part-time and temporary employees are eligible.
- Elected and appointed officials and rehired retired employees are eligible.
- There is never a 10% early withdrawal penalty in the NC 457 Plan.
- The Goalmaker Asset Allocation tool is optional and free offered in the NC 457 Plan to help with investment selection.
- There is no cost to the employer
- The only 457 plan that is overseen and monitored by the State Treasurer Office
- Annual Benefits Statement provided incorporates all of your retirement plans (Pension, NC 401k and the NC 457)

Ms. Johnson said that NC 401K is still being offered to employees. She shared the following summary of recommendations:

• Passive Open Enrollment
  - Medical and Dental Plans are not changing
  - Vision Plans are not changing
  - Life, Disability, and AD&D plans are not changing
  - No vendor changes
  - No change in premiums
  - Flexible spending participants have to renew benefit
• Continue diabetes program
• Implement Prudential 457 plan option

Commissioner Gurley questioned the 9% increase in RX cost and the 38% increase for single-source generic drugs. Dr. Myers said the numbers presented are based on the “Know Your Numbers” program.

Commissioner Bryan asked about the 457 Plan and whether other vendors in the market have been considered that offer similar plans. He asked about the cost of ICMA and Prudential 457 Plans. Ms. Johnson said that since the selection process is intense she prefers a consultant perform the comparison. Ms. Johnson said that Prudential staff visits on a monthly basis to discuss retirement options with employees.

**Update on Wake County Human Services Program Eligibility and Integrity**

Mr. Paul Gross, Wake County Human Services Finance Officer, introduced Ms. Markette Hester, Program Integrity Supervisor and said that Ms. Robin Greenwald, Medicaid/Food Assistance Supervisor, has accepted a position at Southern Regional Center. Mr. Gross shared the following information about the program Eligibility and Integrity:

- Several human services programs are created to assist citizens in need with economic assistance including medical, food and nutrition services, child care and energy assistance to name a few.
- Programs must be administered to ensure that only eligible applicants receive human service benefits.
- Programs and recipients are regularly monitored and investigated for intentional and unintentional fraud.

Mr. Gross shared information on how the Food Assistance Program works:

- The Food Assistance Program (once referred to as Food Stamps) helps low-income households with monthly food expenses.
  - Issued through Electronic Benefit Transfer (EBT)  
    - Benefits deposited monthly into the household's EBT account  
    - Households issued EBT card and pay for groceries at food stores using the EBT card  
    - Cost of the purchased groceries is deducted electronically from the EBT account.
- Federally administered by the U.S.D.A.

Mr. Gross shared the following information on Medicaid Assistance:

- Wake County Human Services administers the Medicaid program  
  - Assistance program that helps pay medical bills for some people who have low income and cannot afford health care.  
  - Funding comes from federal, state and county sources  
  - Adults and children have separate programs
• Wake Enrollment 82,656 Individuals (July 2011)
• Wake Enrollment 88,975 Individuals (July 2012)

Mr. Gross said Wake County’s enrollment is in medical assistance up 7.6% over the past year.

Mr. Gross shared the following Fraud Prevention Activities:

• Program Staff Development
  ◦ New hire training on eligibility
  ◦ Fraud and red flag training
  ◦ Regular work reviews

• Program Management
  ◦ Quarterly quality assurance
  ◦ Supervisor involvement in special circumstances
  ◦ Bi-Monthly interdepartmental meetings and information sharing
  ◦ Comprehensive application package
  ◦ Comparison of applications between programs using State databases (On-Line Verification System)

Mr. Gross shared county and state technology systems are used to verify eligibility:

Mr. Gross shared the criteria for determining eligibility for public assistance.

Authorization Guidelines for Nutrition Services and Medicaid
• Regulations established by:
  ◦ US Department of Agriculture
  ◦ NC & US Department of Health and Human Services
• Criteria For Eligibility
  ◦ Citizenship Status
    • Children born in the U.S. are eligible if they meet income criteria
    • Undocumented aliens are not eligible except for some specific medical emergencies
  ◦ Income
  ◦ Household Composition
  ◦ Allowable Deductions (ie. Utilities, Rent, Child Support)
  ◦ Disqualified Individuals

Mr. Gross shared the Program Integrity Background:

• Role - Investigate fraud perpetuated by recipients of economic assistance programs.
• Programs –
  ◦ Food & Nutrition Services
  ◦ Medicaid
  ◦ Work First
  ◦ Subsidized Child Care
- Low Income Energy Assistance Programs
- Crisis Intervention
- Component of Human Services Finance Team to maintain independence and objectivity from economic assistance programs
- Program located in the Wake County Office Building - convenient access to the District Attorney’s Office, Magistrate’s Office, Courts and other governmental offices

He shared the following information on how referrals are received:

- 1371 referrals in FY12
  - Human Service Case Managers from all programs (91%)
  - Phone calls, letters, walk ins from concerned citizens (8%)
  - Other agencies such as Law Enforcement, Social Services in other Counties and States (<1%)
  - The State Program Integrity Office (<1%)

Mr. Gross shared common errors found.

- Client fails to report income they are receiving
  - i.e. Earned income, contributions, child support received directly from an absent parent, secondary job income, etc.
- Client fails to report the correct household composition
  - Who lives there with the client?
- Client provides falsified documents
  - i.e. Rental leases, wage letters, pay stubs, etc.

Mr. Gross shared the types of investigations:

- Rush Investigations (Top Priority) –
  - Case managers make referrals when suspect fraudulent activity that needs immediate attention
    - Typically occurs as a result of a red flag being detected by a case manager at time of application or recertification.
  - Investigation to be completed within 10 work days
  - Rush Investigations are our top priority as they can prevent public assistance from being paid out to those who are not entitled to it.
  - When the investigation is closed, all case managers who have an active case on the client are notified of the findings.

- Regular Investigations
  - Referrals which address benefits a client has already received.
    - The time frame covered can be retroactive for several years.
  - Referrals received from:
    - Case managers
    - Law enforcement
    - Walk in or calls from concerned citizens
    - Other county and state social services agencies
    - Results from findings of a rush investigation.
Commissioner Bryan asked who investigates the providers of Medicaid services. Mr. Gross said that is the state’s responsibility.

Mr. Gross explained how investigations are made by Program Integrity:

- Investigators knowledgeable of eligibility policy in all public assistance programs
- Investigators use all available tools.
- Pieces of evidence must be put together, analyzed, dots connected to determine if an overpayment has occurred.

Mr. Gross explained what happens when a client intentionally gives false information.

- First Offense (Food & Nutrition / Work First)
  ◦ Disqualified from assistance for 12 months.
- Second Offense (Food & Nutrition / Work First)
  ◦ Disqualified from assistance for 24 months.
- Third Offense (Food & Nutrition / Work First)
  ◦ Permanent Disqualification from assistance.
- Disqualification Hearings are conducted at the Local & State Level to afford clients their due process to appeal.
- Medicaid – Terminated if found to be ineligible.

He explained repayment options.

- Client makes “voluntary” monthly payments
- Allotment or check deductions taken from an active case
- If client convicted by the courts, payments must be made through the Wake County Clerk of Court’s Office.
- Debt Setoff (Tax Refund Interception) -- Federal and State tax returns can be intercepted. Taxed lottery winnings can be intercepted.
- Debts referred to collection agency.

Mr. Gross explained the business process changes.

- No tolerance policy for missed voluntary payments – miss one, and we garnish income tax refunds until the balance is paid in full.
- Face to face interviews with the subject under investigation are audio taped – response to loss of some administration disqualification hearings.
- HS Management chain of command and Wake HR are notified in writing when a Wake County employee is under investigation and of the results!

Commissioner Bryan asked about “voluntary” re-payment plans. Mr. Gross said efforts are made for the client to make payments, but if they are not consistent it may result in garnishment of wages or tax refund interception. Commissioner Gurley asked about local and state hearings. Mr. Gross said that disqualification hearings are conducted at the local and state level to afford clients their due process to appeal. The hearings determine whether fraud is intentional or unintentional. Mr. Gross said that if a client is permanently disqualified from assistance they cannot go to another county and apply for benefits.
Commissioner Ward asked who sits on the jury for the hearings. Mr. Gross said that Wake County Human Services has Consumer Complaints Division staff that serves as jurors.

Commissioner West asked what happens if a client receives gifts or contributions in addition to their regular income. Mr. Gross said income, assets, and eligibility are considered and gifts and contributions have to be disclosed to case managers.

Commissioner West asked if clients are video recorded in the hearings and if it is made available to clients. Mr. Gross said that clients are notified of the recording and can get a copy of the video.

Mr. Gross shared the Fiscal Year 2012 Medicaid collections by Wake County.

- Wake Program Integrity finished #1 in the State for Medicaid Collections with a total of $89,308.49.
- Only 3 out of 100 counties in NC collected more than $50,000 with Wake being one of them.
- 38 counties collected $10,000 - $49,999
- 49 counties collected less than $10,000

Mr. Gross said Catawba and Duplin Counties collected $50,000. Mr. Gross said the case managers are trained to identify “red flags” for fraud and to make referrals.

Mr. Gross shared the following results of investigations.
Commissioner Portman asked about the magnitude of the issue. Mr. Gross said that in 2011-2012 there were 85,453 clients enrolled in food assistance and 88,975 enrolled in Medicaid. Commissioner Portman said this is 300-400 clients each year on average. Mr. Gross said the numbers are based on the reporting by Wake County Human Services. The state office has data on their claims. Mr. Gross said that 99% of clients are following the rules. Commissioner Bryan asked about the totals for collections. Mr. Gross said that Rush Investigations by staff collect $1.6-1.8 million annually. He said cash collections for Fiscal Year 2011-2012 totaled $663,425.04. Mr. Gross said that around $2.5 million annually is collected. Commissioner Gurley asked who does the investigations for different groups such as employees or other categories. Commissioner Ward asked if the collections are returned to the federal government. Mr. Gross said that there are rules for each program and Wake County Human Services receives a percentage. Commissioner Gurley asked if there are any special investigations required by the state. Mr. Gross said that there are some employee investigations requested by the state and federal government, but the majority of the referrals come from the county case managers.

Dr. Rojano said NCFAST will allow case managers to check multiple systems to verify assets. NCFAST will also identify clients that have been disqualified in other states. Commissioner Bryan asked about the $663,425.04 cash collections. Mr. Gross said that these are “voluntary” payments collected. Commissioner West asked if there are outside consultants that help with the collection process. Mr. Gross said that other counties have their own program integrity units and policies. Commissioner Matthews asked about the average collections and how many employees work for Program Integrity. Mr. Gross said there are eight Program Integrity employees. Mr. Gross said that he would provide the annual collection information to the board.
Commissioner Bryan asked how long this information has been tracked. Mr. Scott Warren, County Attorney, said the information has been collected for 20 years or more.

The meeting was adjourned at 4:35 p.m.

Respectfully submitted,

Denise Hogan
Deputy Clerk to the Board