

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: February 24, 2015		DATE SUBMITTED: February 6, 2015	
DEPARTMENT OF ORIGIN: Risk Management		SUBMITTED BY: Hugh R. Walker	
MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input type="checkbox"/> PUBLIC SAFETY
<input type="checkbox"/> SPECIAL	<input type="checkbox"/> CONSENT	<input type="checkbox"/> 2ND READING	<input type="checkbox"/> SERVICE
<input checked="" type="checkbox"/> REGULAR	<input checked="" type="checkbox"/> STATUTORY		<input type="checkbox"/> ECONOMIC DEVELOP.
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input type="checkbox"/> INFRASTRUCTURE
			<input checked="" type="checkbox"/> QUALITY OF LIFE
AGENDA ITEM DESCRIPTION: Consider renewing an amended professional service agreement with St. Joseph Regional Health System for the management and operation of the City of Bryan Employee Health Center. The proposed agreement is to include professional medical services, supplies, staffing, and operational costs in an amount not to exceed an annual budget of \$391,200.			
SUMMARY STATEMENT: The City of Bryan Employee Health Center (COBEHC) has been in operation since March 31, 2011. The City initially held multiple discussions with other local government entities. Initially, the two cities, the two school districts, Brazos County and Texas A&M discussed options. After several years of discussion, the City of Bryan took a more aggressive approach to bringing the clinic to reality and pursued the clinic without participation from other entities. Staff studied various clinic models including self-managing, contracting with a third party vendor, or contracting with a local health provider. Upon reviewing options, concerns for the first option (self-managing) included the City's lack of expertise with operating a clinic and the liability associated with clinical operations. The second option (contracting with a third party vendor) was a viable option; however, City staff believed the benefits for medical care with local responsibility outweighed that of an unfamiliar national company. Ultimately, staff selected the current model of contracting with a local hospital system to provide services. Now, in its fourth year of operation, the Employee Health Center is a well-utilized facility where employees and their covered dependents (1,988 lives) are able to receive quality and affordable medical care. Patients visiting the Center are not required to pay a co-payment. Services provided at the Center currently include primary, wellness, and acute care along with occupational health services and minor workers' compensation illnesses and injuries. The Center is currently located in close proximity to St. Joseph Regional Health Center, radiological services, and other medical specialists. It also is located within the Bryan, Texas Health & Wellness Area Plan.			
<p>On October 26, 2010, Council approved a two (2) year agreement with St. Joseph Regional Health Center to begin providing clinical services for City of Bryan employees, dependents and retirees enrolled in the City's insurance plan for an amount not to exceed an annual budget of \$382,008 after the initial start-up costs of \$105,115. In year one of operation, clinic costs totaled \$342,973 with start-up costs being an additional \$83,320, generating a total budget savings from year one operations and start-up costs of \$60,831. Year two costs were \$310,855. On February 12, 2013, Council renewed the agreement with St. Joseph Regional Health System for an additional two (2) years for a not to exceed an annual budget of \$385,836. Year three costs totaled \$339,774 with year four costs projected to be approximately \$341,510. To date, over 14,000 visits have been made to the City of Bryan Employee Health Center with new patients visiting the Center each month. Monthly costs vary due to the cost of vaccines and supplies, number of occupational health services (i.e. drug screens, TB tests, rabies vaccines) rendered, and any onsite activities that may be provided.</p> <p>Since the Center's opening, the Scope of Services has been expanded. In October of 2012, City staff recommended the City Council approve an addendum to add limited occupational health related services. In January of 2014, the Employee Health Center began treating minor workers' compensation related illnesses and injuries. This addition</p>			

allows employees to be promptly treated and/or referred to the appropriate specialist and return to work in a timely manner. This addition also allows the provider to become familiar with day-to-day operations of City departments that can assist staff in developing additional education and training in areas where injuries occur frequently.

Staff last provided an operations review presentation to the City Council in April of 2014. Since its opening, the Center has saved employees and their families over \$400,000 in co-payments. In addition, various City departments have realized savings totaling approximately \$41,000 from occupational health services being provided within the Center.

As previously stated, the City's current agreement with St. Joseph Regional Health Center was approved by the City Council on February 12, 2013, for the annual amount not to exceed \$385,836. This amount covers costs incurred in relation to the provision of Primary & Occupational Health related services provided to City of Bryan employees, dependents, and retirees on the City's health insurance plan. The COBEHC operates similarly to other Family Practice facilities; however, no insurance billing is done by the COBEHC, making it difficult to illustrate a fair comparison on the individual claim level. The COBEHC has continued to see an increase in utilization resulting in a decrease of the cost per visit. In the COBEHC's first year of operation the cost per visit was \$115. In the second year, cost per visit was \$85. In year three of operations, cost per visit was \$75 per visit and year four is estimated to be approximately \$72 (based on 4,750 projected visits). In 2014 the average paid per visit in a similar setting on the City's health plan was approximately \$81. Again, as the number of visits continues to increase, the cost per visit will decrease. In addition, with the COBEHC's main focus being wellness, patients to the Center often get additional preventive screenings and immunizations they might not obtain through another facility (i.e. go in for a cough and leave with prescription plus a tetanus shot and an order for a mammogram).

Occupational Health related services (e.g., drug screens, vaccinations, pre-employment physicals) offered through the COBEHC also translate to savings for various departments as they can be provided at a lower cost. For instance, the cost for a TB test prior to them being offered in the Center was \$16 per test. Through the COBEHC, the cost is \$4 per test.

There also is indirect cost savings associated with the COBEHC, which can be difficult to quantify but important to consider. These include:

- **Prescription Plan Savings:** The Center's Nurse Practitioner, Mary Beth Hutzler, works diligently to prescribe generic prescription medications, resulting in savings to both the patient and the City. A recent report provided by CVS Caremark/Action Pharmaceutical Consulting indicates the City's generic prescribing rate is 85.5% through the COBEHC compared to 80% for all other prescribers under the City's plan.
- **Productivity Savings:** Employees should be spending considerably less time away from work when attending appointments at the COBEHC than in a traditional medical office. Our current agreement requires, in most cases, for patients to be seen within 20 minutes of arrival.
- **Early Intervention Savings:** As previously stated, with wellness and prevention being one of the COBEHC's main focuses, many costly chronic diseases can be prevented or diagnosed earlier resulting in less costly treatment in future years.

Among other objectives, the City of Bryan Employee Health Center was established to help manage the City's healthcare costs. City staff expected it to take several years for any significant savings to be realized. In fact, as expected, claims increased slightly after the Center opened as employees and dependents were being treated, diagnosed, and often referred to specialists. Unfortunately, the City has experienced several catastrophic claims in the past years that could not have been managed through the COBEHC and resulted in an increase of premiums this year. While an increase occurred, it is important to note that without the COBEHC, the increase could have been more. When analyzing medical claims data since the Center's opening, the City of Bryan's trend has averaged 4.5%, as compared to the National Trend of 7.8%. It is also important to note that from 2009-2013 the City experienced an average of sixteen (16) claims per year over \$50,000 and three (3) claims per year over \$125,000. In 2014, the number of claims over \$50,000 decreased to eight (8) and claims over \$125,000 decreased to two (2). As aforementioned, some of the large claims could not be handled through the COBEHC (i.e. premature birth); however

costly conditions such as cardiovascular disease do not seem to be as prevalent as in past years, which could be a result of prevention or early diagnosis and treatment through the Center.

Although the Center's costs have remained under budget since its inception, the proposed agreement and budgeted amount is requested at \$391,200. The Center's usage continues to increase, which increases drug and supply expenses. For example, the Center currently offers shingles, meningitis and pneumonia vaccines. These vaccines are costly; however, they reduce the risk of a person developing the illness, which can be much more costly to treat if contracted. It is important for the Center to continue to stock and administer these vaccines. In addition, the requested funding increase will cover a minimal increase in staffing costs.

City staff annually solicits feedback from employees who utilize the Center (in the form of a Patient Satisfaction Survey). The most recent survey was conducted in the November-December 2014 timeframe and while there were process improvement suggestions, the responses were overwhelmingly positive indicating high patient satisfaction. Highlights of the survey are as follows:

- 92% of respondents indicated appointments were available within a reasonable amount of time
- 92% of respondents indicated their wait time in the reception area was acceptable
- 93% of respondents indicated their wait time in the exam room was acceptable
- 93% of respondents rated their overall interaction with the Provider as Good or Excellent.
- 97% of respondents rated their overall satisfaction with the Center in general as Good or Excellent
- 96% of respondents rated the quality of medical care received at the Center as Good or Excellent.

Two new questions were added to the survey this year and based on the responses could indicate savings for both the employee and the City:

- 76% of respondents consider the COBEHC to be their Primary Care home
- 69% of respondents responded the availability of the COBEHC has helped them avoid a visit to an Urgent Care or Emergency Room Facility

A summary of the sections in the proposed agreement include:

- Section 1: **Scope of Services** (and Exhibit A) - Includes personnel and facility specifications, services to be offered through the Center and reporting/recordkeeping guidelines
- Section 2: **Payment** - Annual cost of \$392,200 - Staff, operational and administrative costs
- Section 3: **City Health Plan** - Cooperate with City regarding benefit structure
- Section 4: **Clinic Hours and Location** - Monday-Friday 8:00 am.-Noon and 1:00 p.m.-5:00 p.m., Clinician coverage plan in the event of an absence, clinic to be located at 2010 E. Villa Maria Suite B, Bryan, Texas unless otherwise agreed upon, repair/maintenance plan
- Section 5: **Term & Termination** - two (2) year agreement with the option to renew for an additional two (2) years pending City Council approval, 90 days termination
- Section 6: **Independent Contractor** - Provider is responsible for Center operations
- Section 7: **Compliance** - Applicable laws, monthly reports, Health Insurance Portability and Accountability Act (HIPAA)
- Section 8: **Warranty, Indemnification & Release** - High professional and industry standards, reasonable precautions, etc.
- Section 9: **Insurance** (and Exhibit C) - A.M. Best Rating of not less than AVI
- Section 10: **Miscellaneous Terms**
- **Signature Pages**
- **Exhibits A, B, C**

STAFF ANALYSIS AND RECOMMENDATION: With health care costs continuing to rise, the City of Bryan Employee Health Center has served as an affordable and accessible avenue for employees, dependents and retirees enrolled in the City's health plan to obtain basic medical care. As indicated in the most recent patient satisfaction survey, 76% of respondents consider the Center to be their Primary Care Home. Since its inception, over 600 new cases of chronic disease (e.g., heart disease, cancer, diabetes, obesity, asthma, arthritis, tobacco use) have been diagnosed through the Employee Health Center. Many of these diseases were diagnosed in the early stages; therefore, they can be treated with less costly medications and interventions. According to the Centers for Disease Control and Prevention, approximately 75% of all health care costs stem from preventable chronic health conditions,

making it imperative the City's health plan members receive preventive care, education and early treatment and the Center serves as an avenue to address this need.

While many employees and their family members may have postponed or avoided doctor appointments prior to the Health Center opening, they are now receiving preventive care and treatment for conditions that if left untreated could result in large claims for the City in future years. For example, current data from the American Diabetes Association indicates medical expenses for people with diabetes are more than two times higher than those without diabetes. If diagnosed early and controlled, the cost can be minimized. In collaboration with the City's wellness program, the Center serves as an avenue for early detection and treatment, which in turn translates to long-term savings for the City's health plan. The partnership between the City and St. Joseph Regional Health Center for the Center has afforded other wellness related opportunities for employees as well. One example is a recently completed pilot study called "Work on Wellness" that targeted employees diagnosed with diabetes, hypertension and/or obesity. A group of twenty-six high risk employees were recruited through the Center and volunteered for the free program. Participants completed six weeks of onsite structured learning followed by four months of follow-up with Health Coaches and Care Coordinators supplied through St. Joseph Health Partners. This group experienced several successes including a total weight loss of 120 pounds with two participants losing 20-25 pounds, and eight participants having significant reductions in their blood pressure. While City employees served as a pilot group for this particular program, it may not have been possible without the Center. The possibility of continuing the "Work on Wellness" Program in the future is being discussed because of its success.

Staff recommends approval of the two (2) year professional service agreement with the option to renew for an additional two (2) years with St. Joseph Regional Health Center to manage and operate the City of Bryan Employee Health Center by providing professional medical services including supplies, staffing and location. The optional two (2) year extension requires City Council approval.

Note: City staff continues to review options in an effort to create greater efficiencies, reduce costs, and enhance benefits. For example, if another entity pursues a similar program, a pharmaceutical component might be considered. Additionally, partnering with other entities that decide to provide a similar program could result in savings, expanded services, and enhanced benefits.

OPTIONS (In Suggested Order of Staff Preference):

1. Approve the proposed two (2) year professional service agreement with the option to renew for an additional two (2) years with St. Joseph Regional Health Center to manage and operate the City of Bryan Employee Health Center by providing professional medical services including supplies, staffing and location.
2. Amend and then approve the proposed service agreement, which might require consideration at a future City Council meeting and additional negotiations with the St. Joseph Regional Health Center
3. Do not approve the proposed service agreement and provide direction to staff.

ATTACHMENTS:

1. Proposed Professional Health Services Agreement (PDF document)

FUNDING SOURCE: Employee Benefits Fund (as budgeted)

APPROVALS: Hugh R. Walker, 02/11/2015

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 2-11-2015

APPROVED FOR SUBMITTAL: CITY ATTORNEY