

**Proposed Plan Design Options
Plan Year 2012-13
As Recommended by the Labor Management Benefits Committee**

Current Benefit	Change To
<p>Autism Mental Health Therapy (includes speech, occupational and physical therapy with some limits based on progress/onset of diagnosis, medical office visits and medication. No applied behavioral analysis (ABA) coverage.</p>	<p>Autism Adopt diagnostic guidelines as approved by the American Psychiatric Association (current or revised). Applied Behavioral Analysis (ABA) is considered under this benefit as a covered service, prior authorization is required to establish medical necessity. Therapy is generally approved for children 6 and under. Consideration will be provided to children over the age of 6 and can be approved if continued progress is shown. No changes to medical office visits, physical therapy or medications.</p>
<p>Temporomandibular Joint Disease (TMJ) Not a covered benefit</p>	<p>Temporomandibular Joint Disease (TMJ) Non-surgical support subject to deductible and coinsurance. 2nd appliance is subject to prior authorization. Maximum lifetime benefit of \$3,000.</p>
<p>Orthognathic Surgery Not a covered benefit</p>	<p>Orthognathic Surgery Prior authorization required and subject to deductible and coinsurance. Recognized protocol for medical necessity for the correction of skeletal deformities of the maxilla or mandible which are contributing to significant dysfunction and the severity precludes adequate treatment through dental therapeutics and orthodontia alone.</p>
<p>Speech and Occupational Therapy Rendered as a result of congenital abnormality, previous therapeutic process or injury or illness within one year of the onset of the injury/illness. Services rendered for the treatment of delays in speech development are not covered.</p>	<p>Speech and Occupational Therapy Services necessary to restore or improve lost function caused by illness or injury, resulting in continued progress. Subject to prior authorization.</p>
<p>Hearing Aids 60% of maximum plan allowance, not subject to deductible, to a maximum of \$1,200 per ear every 36 months if medically necessary.</p>	<p>Hearing Aids Maintain same benefit level for participants age 26 and older. For participants up to age 26 the following apply: One hearing aid per hearing impaired ear up to a maximum of \$4,250 every 48 months (amount to be adjusted annually.)</p>
<p>Provider Network Offer two networks, MHN for Legacy and Portland Adventist providers and ODS Plus for Providence, Legacy, OHSU and Portland Adventist providers</p>	<p>Provider Network Discontinue MHN network. Offer only ODS Plus network with PHCS travel/out of area network access.</p>

<p>Prescription Drug Coverage Brand Name Statin and Proton Pump Inhibitors (PPI) brand drugs subject to 70% to 80% coverage with maximum copays of \$50 to \$75 per Rx.</p> <p>Non-sedating antihistamines covered.</p> <p>\$0 generic copay minimum.</p>	<p>Prescription Drug Coverage Participant will pay copay and the difference between generic statin (simvastatin) and brand drug.</p> <p>Participant will pay copay and the difference between generic PPI (omeprazole) and brand drug.</p> <p>Non-sedating antihistamines will not be covered as they are available over-the-counter.</p> <p>\$5 generic copay minimum unless Rx purchased at \$4 pharmacy (Fred Meyer, Target, Wal-Mart) in which case \$0 generic copay remains in place.</p>
<p>Health Reform Changes</p>	<p>Health Reform Changes</p>
<p>\$25,000 lifetime maximum for hospice</p>	<p>No lifetime maximum for hospice</p>
<p>\$10,000 lifetime maximum for intentional self-inflicted injury</p>	<p>No lifetime maximum for self-inflicted injury.</p>
<p>\$5,000 lifetime maximum for treatment of sleep apnea</p>	<p>No lifetime maximum for sleep apnea. Reinstated prior authorization requirement.</p>
<p>\$500 annual maximum on nutritional counseling</p>	<p>Removed annual maximum, implement a 4 visit maximum for nutritional counseling.</p>
<p>\$500 annual maximum on tobacco cessation</p>	<p>Removed annual maximum on tobacco cessation</p>
<p>\$4,000 annual maximum for the medical expense reimbursement plan (MERP)</p>	<p>\$2,500 annual maximum for the MERP</p>

Summary of Council Presentation

We continue to see our utilization and experience trend below local and national cost increases. The increase in cost for City Bureaus for the self-insured plan and CityCore participants was less than 1% for the current fiscal year and is about 5.5% for July 1st.

Cafeteria Plan Changes:

- The medical expense reimbursement plan limit is reduced to \$2,500 per plan year as required under the Federal Health Care and Education and Affordability Reconciliation Act of 2010.

Health Plan Document: (LMBC Recommended Changes)

- Support for families with children who have autism, Asperger's or children diagnosed with pervasive developmental disorder. The enhancements to the CityCore plan include broader support for speech and occupational therapy and the inclusion of applied behavioral analysis therapy for young children who would most benefit from early intervention.
- TMJ (temporomandibular joint disease): CityCore plan participants will now have up to \$3,000 in benefits to assist them in non-surgical support of this condition that often results in chronic pain.
- Orthognathic surgical benefits have been added for those individuals who have significant skeletal deformities that cause chronic dysfunction and pain. Typically participants are born with the deformities, but can not have surgical correction until the individual is an adult and has stopped growing.
- The CityCore plan will change its In-Network provider options by moving to a single network, the ODS Plus Network. This change will eliminate the MHN network for the CityCore plan. All participants will now be under the ODS Plus Network and have access to all local providers, laboratories and hospital systems within the Portland metropolitan area.
- Changes to prescription medications:
 - There will be a significant drop in the price of statin medications at the beginning of the plan year because Lipitor will be widely available within the generic market. To ensure appropriate movement to the newer price points, the plan will only pay for medications equivalent to the generic cost.

- Medications related to proton pump inhibitors (Nexium) will be treated the same way as statins. The plan will only pay for medications equivalent to the generic cost.
- The plan will no longer cover non-sedating antihistamines as there are a wide range of equivalent medications available over the counter.
- Changes to the minimum cost of some medications when purchased at local pharmacies that do not offer a \$4.00 prescription drug plan.
- Elimination of some lifetime maximums related to hospice, self-inflicted injuries, sleep apnea and smoking cessation. These limits were eliminated as part of health care reform.

Wellness Program Updates:

Goals of Strategic Plan

- Create a culture of wellness through-out the City
- Increase participation within wellness activities
- Show improvement in health bench marks related to Obesity, cardiovascular disease, structural health, cancer prevention, and stress/depression.

2011 Wellness Survey results:

- 52% of respondents felt there had been noticeable improvements within the Wellness Program
- 61% of respondents felt their Bureau's supported wellness program offerings.
- Across all age brackets of respondents,
 - Time was the primary roadblock to making healthy decisions.
 - For younger respondents, money was the 2nd roadblock
 - For those 40 and over, it was motivation.
 - Stress was the primary health challenge regardless of age.
 - Respondents between the ages of 50-59; nearly 88% felt their health status was good to excellent.

Wellness Program Success:

- 50% improvement in participation of the on-site fitness and stretching classes available both in the downtown core and some off-site locations.
- 70 participant average at the Benefit Essentials 3rd Thursday education days.
- Implementation of education about retirement, health care insurance and cost, Medicare and social security.

- “Did You Know” emails have evolved into a good communication tool Citywide.
- CityShape Fitness Center expansion, moving the exercise equipment to provide a large class room so that all the fitness classes offered can take place within the center.
- Partnership with Parks for the second year; providing all City employee families with a scavenger hunt opportunity to have fun together and learn about all the free park activities available over the summer.
- Successful monthly outer bureau education related to sleep health, cardiovascular disease and diabetes.
- Implementation of Benefit and Wellness Fair in October 2011
- Partnership with Kaiser to offer Citywide blood pressure and BMI calculations.

Continued Challenges:

- Our obesity rate is consistent with the national average of 68%.
- Over the last 3 plan years, 38% of the annual dollars each year are spent on less than 3% of the participant population.
- Healthcare costs for participants who are at the highest risk have increased by 43% from plan year ending in 2010 to 2011.
- These high risk participants are using their primary care physicians less; 10% less in 2011 than in 2009.
- These high risk participants are using the emergency room more. In plan year 2010 the highest risk population had 163 visits to the ER, in plan year ending 2011, they had 241; a 48% increase.

Strategy:

Develop intensive chronic care management programs that will specifically address our high risk population and provide them with goal orientated care and support to improve their quality of life, their motivation and self-responsibility as well as the opportunity to lower their risk factors and to lower the overall cost of care to the plan.

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Anna Kanwit (Cathy Bless)		2. Telephone No. 503-823-5207	3. Bureau/Office/Dept. OMF/Bureau of Human Resources
4a. To be filed (date) May 24, 2012	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: May 16, 2011

1) Legislation Title: *Amend the City of Portland Health Plan and the City of Portland Cafeteria Plan to reflect necessary plan administrative and design changes as recommended by the Labor Management Benefits Committee (LMBC) and requested by BHR for the City's self-insured plans beginning July 1, 2012. (Ordinance)

2) Purpose of the Proposed Legislation: Establish the 2012-13 City of Portland Health Plan. The Plan Document identifies the provisions and plan design of the City's self-insured health plans. The Plan Document outlines the CityCore benefit plan design changes recommended by the Labor Management Benefits Committee (LMBC) and requested by BHR effective July 1, 2012.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source. NO

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? The Health Fund includes the appropriation in support of the costs associated with the self-insured plans. All expected costs are budgeted as part of existing and newly adopted contracts with program vendors.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.) NO

6) Will positions be created or eliminated in future years as a result of this legislation? NO

Complete the following section if you are accepting and appropriating a grant via ordinance. This section should only be completed if you are adjusting total appropriations, which currently only applies to grant ordinances.

7) Change in Appropriations (If the accompanying ordinance amends the budget, please reflect the dollar amount to be appropriated by this legislation. If the appropriation includes an interagency agreement with another bureau, please include the partner bureau budget adjustments in the table as well. Include the appropriate cost elements that are to be loaded by the Grants Office and/or Financial Planning. Use additional space if needed.)

Anna Kanwit 

(Director of the Bureau of Human Resources)



City of Portland
Bureau of
Human Resources
Knowledgeable | Helpful | Responsive

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Office of Management and Finance

Jack D. Graham, Chief Administrative Officer

DATE: May 16, 2012
TO: Mayor Sam Adams
FROM: Anna Kanwit, Human Resources Director

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

RE: ORDINANCE TITLE: *Amend the City of Portland Health Plan and the City of Portland Cafeteria Plan to reflect necessary plan administrative and design changes as recommended by the Labor Management Benefits Committee (LMBC) and requested by BHR for the City's self-insured plans beginning July 1, 2012. (Ordinance)

- 1. **INTENDED THURSDAY FILING DATE:** May 24, 2012
- 2. **REQUESTED COUNCIL AGENDA DATE:** May 30, 2012, 10:00 AM Time Certain
- 3. **CONTACT NAME & NUMBER:** Cathy Bless, 503-823-5207
- 4. **PLACE ON:** ___ CONSENT ___ **X** REGULAR
- 5. **BUDGET IMPACT STATEMENT ATTACHED:** X Y ___ N ___ N/A
- 6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** ___ Yes ___ No X N/A

7. BACKGROUND/ANALYSIS

As part of the annual enrollment process the attached Ordinance is being filed to establish the 2012-13 City of Portland Health Plan. The Plan Document identifies the provisions of the Cafeteria Plan and plan design of the City's self-insured health plans. The Plan Document outlines the CityCore benefit plan design changes recommended by the Labor Management Benefits Committee (LMBC) effective July 1, 2012. A summary of the plan changes is attached. The changes recommended by the LMBC are expected to be de minimis to the plan as it pertains to cost. In addition to the plan changes, applicable language was updated to provide for required changes under the Health Care and Education and Affordability Reconciliation Act of 2010.

8. FINANCIAL IMPACT

The Health Fund includes the appropriation in support of the costs associated with the self-insured plans. All expected costs are budgeted as part of existing contracts with program vendors.

9. RECOMMENDATION/ACTION REQUESTED

I recommend that the Mayor and City Council approve this ordinance.

Sam Adams, Mayor

We are an equal opportunity employer

Please notify the City of Portland of the need for ADA accommodations no less than five (5) days prior to any City-sponsored event by contacting the Bureau of Human Resources at 503-823-3572 or the City's TTY at 503-823-6868.

