

Local Government Employee Health Insurance Programs, 2011

The Local Government Employee Health Insurance Programs survey was completed in 2011. The survey was sent to 5,664 municipalities and counties with a population of 10,000 or greater. The overall survey response rate is 26%. The city response rate is 30%, and the county response rate is 20% (not shown). The survey was conducted in collaboration with CIGNA HealthCare, an ICMA strategic partner. The individual data are proprietary.

Does your local government offer health insurance to employees?

- Yes =99.7%
- No = 0.3%

(Local governments that do not offer health insurance were instructed not to continue the survey but to return it to ICMA.)

What are your local government's top three general operating concerns? (Check exactly three—any more or less cannot be included in the analysis.)

a. Budget	93%	e. Service delivery	41%
b. Layoffs	12%	f. Unfunded mandates	37%
c. Funding employee/retiree pensions	34%	g. Other	9%
d. Employee health care costs	71%		

WORKFORCE HEALTH CONCERNS

For each health concern below, please indicate any programs now in place, indicate if you are considering adding them, and identify the top **three** concerns in the last column on the right.

Concerns	Local gov't offers a program now	Local gov't does not have a program now but is considering one	Local gov't does not have a program and is not considering one	Top three concerns
a. Obesity/weight management	43%	21%	36%	66%*
b. Stress management	41%	19%	40%	36%*
c. Smoking	44%	20%	37%	30%
d. Nutrition	38%	21%	42%	15%
e. Disease prevention	37%	18%	45%	27%
f. At-risk pregnancies	18%	9%	74%	0%
g. Asthma	21%	12%	68%	1%
h. Diabetes	34%	17%	50%	25%
i. Depression	34%	15%	51%	8%
j. Heart Disease	32%	19%	48%	31%
k. Low back pain	23%	16%	61%	7%
l. Cancer	22%	15%	63%	17%
m. Fitness	51%	21%	28%	35%*
n. Other (specify) _____	21%	7%	72%	1%

*Indicates highest percentages reporting.

HEALTH INSURANCE BENEFITS

For each group below, if your local government offers insurance benefits, please indicate which benefits are offered.

Current employee plans	
a. Medical insurance	99%
b. High deductible plan with an HRA or an HSA.*	25%
c. Pharmacy	92%
d. Dental	92%
e. EAP (Employee Assistance Program)	75%
f. Disability insurance	74%
g. Other (specify)	26%
Early retiree plans (pre age 65)	
a. Medical insurance	74%
b. Stand-alone HRA (without medical plan)*	4%
c. Pharmacy	54%
d. Dental	42%
e. Other (specify)	13%
Retiree plans (age 65 and older)	
a. Same medical insurance as active employees	56%
b. Medicare Advantage	9%
c. Medicare Supplement	25%
d. Stand alone HRA (without medical plan) *	2%
e. Medicare Part D Pharmacy	12%
f. Other pharmacy plan	12%
g. Dental	24%
h. Other (specify)	10%

*A Stand-alone Health Reimbursement Account (**HRA**) is an account funded by the employer for the employee's health care expenses during retirement. An employer can elect to contribute funds pre-retirement, upon retirement, or post-retirement and in addition to or in lieu of coverage. A Health Savings Account (**HSA**) is an account funded by the employee for future health care expenses. The employee can use the fund for current or future health expenses.

How many hours per week does an employee have to work to be eligible for health care benefits?

- Average is 32 (hrs/wk)

Please check the box(es) that best describe how current employees' and retirees' health insurance is paid for. (Check all that apply.)

	Fully paid by local government	Premium is shared between employer and employee	Available at cost paid solely by the employee or retiree	Local gov't does not offer
a. Current employees	29%	75%	0%	0%
b. Early (pre-65) retirees	12%	33%	37%	21%
c. Retirees 65 and older	10%	22%	35%	36%

If premium payment is shared between employer and employee, what percent does the employee pay?

- Average is 21% paid by the employee.

Are any of your employees members of a union?

- Yes = 62%
- No = 38%

If yes, what percent are union members?

- 61% on average

Please indicate below the number of current and retired employees in each category.

	Total number	Number eligible for health insurance	Number electing medical coverage through your local government
a. Current employees	742	678	614
b. Early (pre-65) retirees	120	108	87
c. Retirees 65 and older	184	159	123

From the list below, please select the top 5 obstacles that limit your local government's success in developing a healthy workforce.

Obstacle	Top 5
a. Lack of employee engagement	65%
b. Lack of sufficient financial incentives to encourage participation in programs	65%
c. Lack of adequate budget to support effective health management programs	60%
d. Too many other demands on employees/not enough time	54%
e. Lack of evidence about which practices work best	23%
f. Lack of appropriate tools to be successful	22%
g. Lack of senior management support	11%
h. Lack of organization structure/staffing to support it	41%
i. Poor or inadequate communication of health management programs	10%
j. Poor coordination with partners, e.g., other benefit carriers/providers	8%
k. Lack of actionable data/information from insurance administrator	10%
l. Lack of adequate internal staff	36%
m. None of the above	7%
n. Other	5%

PLANNING FOR THE FUTURE

Please answer this question if you **do not** currently offer a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA).

Please indicate whether your local government is likely to consider each of the following offerings.

Plan offerings	We are considering offering in the next 1-2 years
a. A high deductible medical plan with a Health Savings Account (HSA)	17%
b. Health Reimbursement Arrangement (HRA) <u>with</u> underlying medical plan	12%
c. Stand alone Health Reimbursement Arrangement (HRA) (<u>without</u> medical plan)	2%

Please identify the status of the health plan and product offerings listed below.

Plan and product offerings	Offer now	We are considering	Do not offer/not considering
a. Onsite clinic	9%	12%	79%
b. Health advisor/health coach	27%	12%	61%
c. Online health plan enrollment for employees	29%	26%	46%
d. Online tools to help employees select a plan and allow them to enroll online	27%	26%	47%
e. Online tools to allow employees to customize their benefits (choose copays, deductibles, maximums, etc.)	11%	18%	72%

What approaches are you taking to reduce your health care expenses/claim costs?

Local government approaches	Have already acted and expect to take further action	Have already acted but no further action expected	Have not acted but expect to take action in the next 2 years	No action taken and none expected
a. Reward/penalize based on smoker, tobacco-use status	7%	6%	23%	64%
b. Significantly increase pharmacy copays, deductibles or coinsurance	22%	20%	23%	36%
c. Replace ineffective medical plan administrators	6%	11%	9%	74%
d. Complete a health risk appraisal	25%	14%	22%	40%
e. Consolidate/Integrate health and disability/absence management programs with single vendor or health plan	6%	8%	11%	76%
f. Increase the share of total health care costs paid by employees (e.g., copays, premiums, deductibles, etc.)	36%	15%	29%	20%
g. Delay/cancel adding new health and productivity program offerings	7%	6%	10%	77%
h. Delay/cancel benefit plan design enhancements	8%	7%	13%	72%
i. Complete a biometric screening (determines risk for certain diseases including diabetes, heart disease, asthma and other medical conditions)	21%	9%	17%	53%
j. Reduce/eliminate health promotion programs	3%	4%	4%	89%
k. Create incentives to encourage employees to use high quality/low cost hospitals and physicians	14%	11%	23%	52%
l. Reduce plan options	11%	11%	18%	60%
m. Complete an adult health exam	17%	11%	15%	58%
n. Maintain BMI (body mass index) within target levels	10%	7%	17%	67%
o. Maintain blood pressure within target levels	11%	8%	17%	64%
p. Maintain cholesterol level within target levels	11%	8%	17%	64%
q. Actively manage vendor-prepared communication/education on health care costs and living a healthier lifestyle	28%	15%	19%	39%
r. Participate in disease management program for those with chronic condition	25%	13%	15%	47%
s. Audit or review eligibility or enrollment in your health plan	31%	15%	15%	39%
t. Integrate employee participation in wellness programs with health plan data	27%	10%	27%	36%
u. Comply with evidence-based course of treatment	10%	6%	16%	68%
v. Provide different disability benefit levels based upon health management program participation	2%	2%	11%	86%

IMPACT of FEDERAL HEALTH CARE REFORM LEGISLATION (PPACA)

What is your level of understanding of the Health Care Reform legislation?

Have heard about it but don't understand the legislation or its impact on our benefits	Partially understand, need to learn more	Completely understand the legislation but need to assess impact	Completely understand the legislation and its impact on our health benefits
7%	63%	18%	12%

Please indicate from the list below whether you plan to make any changes to your health care benefits as a result of the health reform legislation. (Check all applicable.)

a. Drop coverage for current employees and shift employees to exchanges	1%	d. Wait and see how it unfolds; unwilling to speculate	54%
b. Drop coverage for pre-65 retirees	1%	e. No changes currently planned	44%
c. Drop coverage for retirees 65 and older	1%	f. Other	4%

Have you conducted an analysis to quantify the cost and benefits of moving your employees to a state health insurance exchange, which will be offered in 2014 as part of the federal health care legislation passed in 2010?

- Yes = 4%
- No = 96%

If you have not conducted an analysis, do you plan to conduct one in 2011?

- Yes = 14%
- No = 86%

What help would you like to receive to better understand and plan for the federal health care legislation passed in 2010?

a. Webinars	50%	d. ICMA Annual Conference sessions	30%
b. Publications	55%	e. Other	4%
c. Electronic newsletters	59%		

BEST PRACTICES

Think about your local government's health benefits and health programs over the past three years. What has been **the most successful or has the most promise for success**? Consider employee health and wellness, communications, medical cost, etc. Please be specific, including any savings realized.

Some local governments described savings as a result of onsite health clinics, incentives for employees to stop smoking, and a "biggest loser" contest.

DECISION MAKING

How does your local government develop a proposal (RFP) for health insurance?

a. General procurement form/process	16%
b. Broker or consultant guidance	61%

c. Committee prepares specifications	13%
d. Other	11%

Who makes the final decision when selecting health plans? (Check only one.)

a. Procurement officer	0%
b. City/county or town manager	21%
c. Broker or consultant	0%
d. Legal representative	0%
e. Human resources/HR	4%

f. Benefits manager/director	1%
g. Union	1%
h. Elected official/governing body	59%
i. Special committee	8%
j. Other (specify) _____	6%

Does your local government purchase health insurance independently or through another entity? (Check only one.)

a. Independently	62%
b. Through an association/coalition (specify) _____	20%

c. Through the state plan (specify)	8%
d. Other (specify) _____	10%

Is the health plan(s) offered to your employees by your organization self-funded or fully insured? (Check only one.)

a. Self funded (the employer sets aside funds to pay employee claims)	29%
b. Fully insured (the employer pays a premium to the insurance company who pays employee claims)	52%
c. Some of each (self funded and fully insured)	18%
d. Not sure	1%

What are the top three most important considerations in the selection of your health insurance carrier or (if self-funded) administrator? (Select only **three**.)

a. Investing in Minority and Women Business Enterprise (MWBE)	1%	e. Network access and discounts	77%
b. Service hours/availability 24/7	34%	f. Ability to improve the health of my employees through wellness program, coaching, etc.	43%
c. Support to local community/charitable causes	1%	g. Company reputation	35%
d. Price/copayments and other charges	88%	h. Other	7%

Who do you prefer to get your health program information from when selecting a provider or plan design?

a. Your health insurance provider	30%	c. Consultants	53%
b. Professional associations	9%	d. Other	8%