



# ***ICMA 2014***

## **Good to Great: Strategies for Achieving a Healthy Bottom Line**

**Omar C. Reid  
Human Resources Director  
City of Houston**



# Change

***“Good is the enemy of Great.”***

***- Jim Collins***

# Where I Came From - UPS



TM



Logistics

Technology

Engineering

# THE OLD FOUNDATION

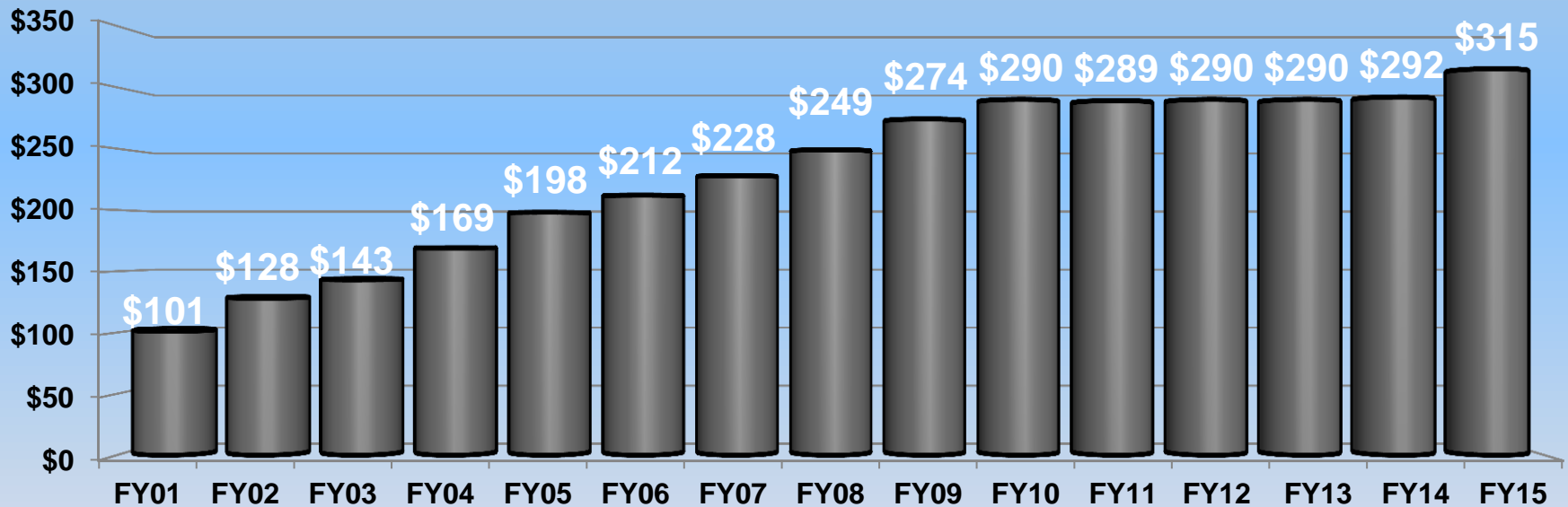
*“There Is A Simple Solution To Every Complex Problem And It’s Usually Wrong”*

# Inefficiencies

- **Transactional**
- **Decentralized HR**
- **Rising healthcare costs**
- **Fully-insured health plan: HMO/PPO**
- **67,000 members**
- **Low chronic disease engagement**
- **Underdeveloped wellness program**
- **City budget deficit of about \$50-70 million**
- **9% Trend for health care**

# Financial Starting Point

## Health Benefits



Health Plan Expenditures (in millions)

# THE STRATEGY



*“Plan To Win, Prepare To Win, Expect To Win”*

# The Strategy

- **Change culture:**
  - Reactive to proactive
  - Employees become educated consumers and assume accountability/ownership
  - City assumes the financial risk and aggressively manages the program
- **Strong foundation with HRA and biometrics**
- **Engage at-risk individuals and provide tools for those not yet at risk**
- **Encourage employees to use highest quality, best value community reflective physicians**

***Bottom line: Improved Health = Higher Cost Avoidance and Higher Productivity***



# THE PARTNERS

*“Everyone Is Entitled To His Or Her Own Opinion  
Everyone Is Not Entitled To His Or Her Own Facts”*

# Partners

- **Centralized City HR Operations**
- **Executive Champions**
- **Mid-level Liaisons**
- **Union Support: HPOU, HOPE and HPFFA**
- **City-wide / Department-specific Committees**
- **External Partners**
- **City Council**

# Selection of New TPA

- **Size and quality of network**
- **Proactive customer service**
- **Collaborative wellness program planning**
- **Strategic account management**
- **Comprehensive data analytics**
- **Customizable reports by specific employee population sector**
- **Ability to track “unknown” costs**
- **Flexible medical and pharmacy infrastructure**
- **Efficient administrative processes/procedures**
- **Better Health. Guaranteed.®**
- **Your Personal Health First Team**

# Partnership



**Strategic Planning + Right Partners = Success**

# THE BOTTOM LINE



*“Effort Is Nice Results Count”*

# Employee Health Profile: Who Is Driving Cost?

<i>Increasing Health Risk</i>	<i>Well Members</i>	<i>Moderate Risk/Chronic</i>	<i>Complex/Acute</i>
<i>Members</i>	<b>75%</b>	<b>20%</b>	<b>5%</b>
<i>Cost</i>	<b>26%</b>	<b>20%</b>	<b>54%</b>

**25% of the members driving 74% of the cost**

# Key Data Questions

- **What diseases/conditions are most prevalent?**
  - **Number of members with condition(s)**
  - **Associated plan cost(s)**
- **Who are the cost drivers?**
  - **Employees, Spouses, Dependents, Retirees**
- **Where are the cost drivers?**
  - **Plan**
  - **Department**

# Data-Driven Decision-Making Process

## *Strategic approach to managing data:*

- **Utilization**
  - **Monthly medical/pharmacy plan utilization data collection and review**
  - **Monthly dashboards**
  - **Quarterly data review meeting with TPA**
- **Medical/Pharmacy Plan Spend**
  - **Daily flash financial report on medical plan spend**
  - **Quarterly data review meeting with TPA**



# THE NEW FOUNDATION

*“Vision Is Seeing Beyond What You Can See”*

# Benefits Staff Reorganization

- **Wellness Director**
- **Benefits Division Managers**
  - **Strategic Benefits Planning & Design**
  - **Operations & Administration**
  - **Consulting Medical Director**
- **Senior Health Educators**
- **Expanded Employee Assistance Program (EAP)**

# New Health Plan Design/Processes

- **Moved from fully-insured to self-insured**
- **Initiated new sections within Benefits**
- **Designed and implemented three new options:**
  - **The Limited Network (3 IPAs)**
  - **Cigna Open Access**
  - **Consumer-Driven Health Plan**
- **Renegotiated capitation rates**
- **TPA garnered steeper provider discounts**
- **Developed concrete performance guarantees**
- **Stop loss elimination**

# Health Assessment Outcomes: 2011 - 2014

## Year 1: 2011-12

- \$25 monthly non-compliance **surcharge**
- 89% compliant (18,557)

## Year 2: 2012-13

- \$25 monthly non-compliance **surcharge**
- 90% compliant (17,797)

## Year 3: 2013-14

- \$25 monthly compliance **discount**
- 88% compliant (17,954)

# Data Application Outcomes

- Targeted Outreach - Gaps in Care Program
- **FREE** generic Diabetes and Cholesterol medication through mail order
- City-wide Campaign: ER vs. UC
- Enhanced Chronic Disease Program Management
- Track and measure participation and participant health outcome
- Bridge gaps between organizational culture and health and productivity of employees

# Wellness in Action

## Biometric Screenings



**Mayor Annise Parker at an onsite biometric screening event**

# Comprehensive Wellness Platform

- **Environmental Modifications for a “well” workplace:**
  - **Department-specific wellness challenges**
  - **Wellness “Moments” for production workers**
  - **Wellness kiosks at remote locations**
  - **Onsite fitness classes**
  - **Onsite flu clinic**
  - **Lifestyle management programs**
  - **Disease management opportunities**
  - **24/7 Telephonic and Online Health Coaching**
- **Data-driven educational/outreach programs**

# Enhanced Employee Wellness Program



- **Stronger integration of employee wellness into the benefits program**
- **“Discover Health” brand rollout for all health benefits communications**
- **Creation of a new culture of wellness across the City of Houston departments through environmental modifications**
- **Implementation of strategic wellness communications to promote utilization of medical benefits plan components**
- **Utilization of a multi-level educational scheme to reach all levels of employees**



# Wellness Engagement Options: 2011 - 2014

## Year 1: 2011-12

- Telephonic Coaching
- Online coaching modules
- Health Improvement Seminars

## Year 2: 2012-13

- Telephonic Coaching
- Health Improvement Seminars
- Age-appropriate Preventive Care
- YMCA Smart Start
- Family Wellness Day
- Onsite Weight Watchers Classes

## Year 3: 2013-14

- Telephonic Coaching
- Health Improvement Seminars
- Age-appropriate Preventive Care
- Family Wellness Day
- Alternative/Complementary Medicine
- Charity Events
- Physical Activity
- Healthy Pregnancy
- Disease Management
- Weight Management
- Smoking Cessation
- Department-specific Programs

**93% compliant (18,511)**

**99% compliant (17,167)**

**76% compliant (15,442)**

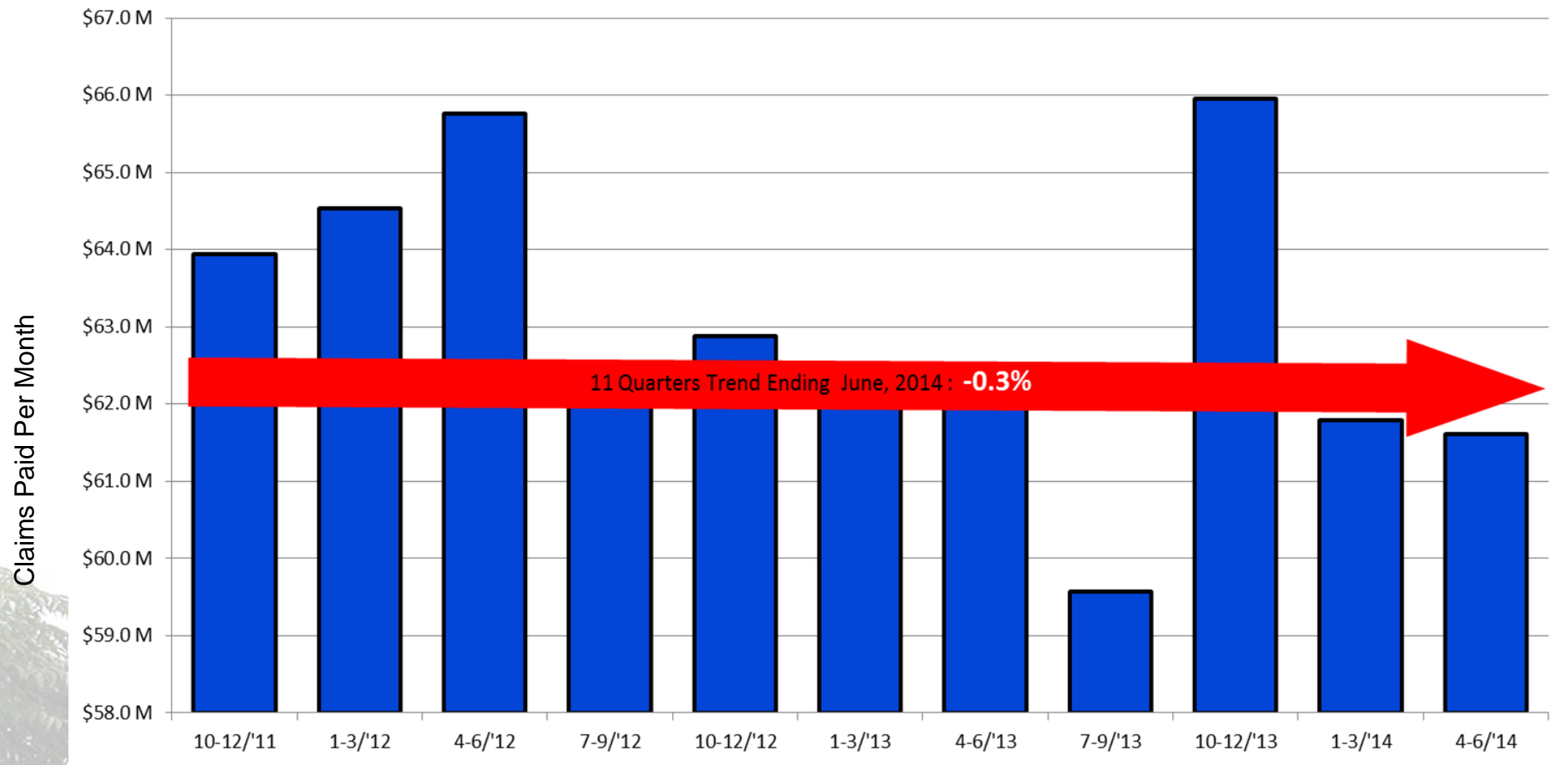
# The Wellness and Prevention Cycle

- **Health Assessments lead to increased awareness and targeted programs**
- **Increased awareness leads to increased utilization of preventive care services**
- **Increased preventive care leads to more proactive care, improved quality of life, more productive workforce and ultimately reduces the medical trend increase**

# THE RESULTS

“Some Succeed Because They Are Destined To Other Succeed  
Because They Are Determined To”

# City of Houston Quarterly Cost Trends



11 Quarters Trend Ending June, 2014 : **-0.3%**

Note: Trend rate is calculated from the claim costs per employee per month using a least squares regression analysis. Claims represent total City of Houston expenditures including pooled claims but excluding claims for Grand retirees and for Vision. No adjustment is made for plan design changes over the period. Experience from May through August 2011 is excluded due to influence of BCBS run-out.

# Kim Bowie

## Planning/Development, Lost 180 lbs.



# Griselda Garza

## HR, Lost 43 lbs.



**Griselda Garza has lost 43 pounds and improved her metabolic numbers by exercising and eating right. Now, Garza is helping other employees lose weight and feels better with her Get Fit class.**

# Marc Reed

## ARA, Lost 95 lbs.



- Marc Reed's mission to shrink his 320 lbs. body weight on his 5-foot-6-inch frame was prompted by the warning from his annual physical: high blood pressure; worsening diabetes; his back and feet pains, and depressive symptoms.
- He started with a 28-day diet of only fruits and vegetables, followed up with an exercise regimen. He eliminated soda and junk food.
- He has completely changed the way he eats and seizes any opportunity to work out.

# Recent Wellness Awards

- **2014 Houston's Healthiest Employer Award (#2)**  
*Houston Business Journal*
- **2014 100 Healthiest Workplaces in America (#86)**  
*Healthiest Employers*
- **Well Workplace Gold Award**  
*Wellness Councils of America (WELCOA)*
- **2013 Houston's Healthiest Employer Award (#5)**  
*Houston Business Journal*
- **2013 Health at Work Silver Award**  
*ComPsych*



# Concluding Remarks

- **Healthcare costs are directly related to your population's health and well-being**
- **Cultivate strategic internal and external partners**
- **Prevention may cost more initially, but it is an investment into the future**
- **Data-driven decisions create and sustain change**
- **Continuous evaluation of initiatives foster sustainability of positive outcomes**

**Thank you!**

**Omar C. Reid**  
**Director, Human Resources Department**  
**City of Houston**  
**(832) 393-6056**

**[Omar.Reid@houstontx.gov](mailto:Omar.Reid@houstontx.gov)**