

Memorandum



CITY OF DALLAS

DATE February 16, 2018

Honorable Members of the Government Performance & Financial Management
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Employee Health Clinics**

On Tuesday, February 20, 2018, the Human Resources Department will brief the Government Performance & Financial Management Committee on Employee Health Clinics. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Employee Health Clinics

**Government Performance and Financial
Management
February 20, 2018**

**Molly Carroll, CEBS
Director, Human Resources
Department
City of Dallas**



Presentation Overview

- Health Plan Overview
- Employee Health Clinic - Background
- Clinic Request for Proposals
- Recommended Clinic Program



Health Plan Overview



Health Plan Overview

- Health Plans are either fully-insured or self-insured. The City of Dallas Benefits Plan is **self-insured**.



Fully Insured	Self Insured
Plan purchased from insurance company	Plan is designed by the employer
Claims paid by insurance company	Claims paid with money set aside by employer
Plan managed by insurance company	Plan managed by Third Party Administrator (TPA)
More expensive	Less expensive

Health Plan Overview

- Most large employers opt to self-insure and hire a Third Party Administrator (TPA) which provides two major services:
 - Access to a “network” of healthcare providers
 - Adjudication of claims
- Cigna is the City of Dallas’ TPA

Health Plan Overview

Products	Vendor	Contract Term	Contract Options	Funding
Medical	Cigna	Jan 1, 2017 – Dec 31, 2019	3 years; 2 – 1 year renewal options	City & Employee/Retiree Contributions
Pharmacy	CVS Caremark	Jan 1, 2017 – Dec 31, 2019	3 years; 2 – 1 year renewal options	City & Employee/Retiree Contributions
Dental	MetLife	Jan 1, 2017 – Dec 31, 2019	3 years; 2 – 1 year renewal options	Employee & Retiree Contributions
Vision	Davis Vision	Jan 1, 2017 – Dec 31, 2019	3 years; 2 – 1 year renewal options	Employee & Retiree Contributions
Retiree Solutions (Medicare)	UnitedHealthcare	Jan 1, 2017 – Dec 31, 2019	3 years; 2 – 1 year renewal options	Retiree Contributions (City provides subsidies)

Health Plan Overview

Employee Status	Plan	Lives Covered
Active	HRA	15,353
Active	EPO	4,067
Terminated	COBRA	16
Retiree Status	Plan	Lives Covered
Pre/Post-65	HRA	1,675
Pre/Post-65	EPO	883

- Two medical plan options – 75/25/HRA plan and 70/30/3000 plan
- 25,912 Lives Covered
 - 21,994 Lives Covered
 - 1,366 Employees have waived coverage
 - 3,918 Retirees enrolled in Medicare Supplemental Plans

Health Plan Overview

- FY 2018-2019 Health Plan Budget
 - City Contributions - \$85.4M
 - Employee Contributions - \$23.5M
 - Retiree Contributions \$29.2M

Employee Health Clinic Background



Employee Health Clinic Background

- The City has had an employee health clinic at City Hall since 2010
 - Concentra has provided clinic services the whole time
- The City pays Concentra a fixed payment to cover all appointments and many common lab services
 - The cost for 2017 was \$579,000

Employee Health Clinic Background

- Employees, Retirees, and their dependents who are on the City's self-insured health plan can go to the City Hall clinic for free
 - Employees who are not on the City's health plan can go to the clinic for a \$25 co-pay

Employee Health Clinic Background

- Employer sponsored health clinics can save a health plan money in several ways
 1. Plan members go to the clinic rather than another, higher-cost provider
 2. Breaks down financial barriers to health care
 - Because of the out-of-pocket costs, members may avoid seeking care
 - In the long-run, this can cost the plan and the member more money and the stress of worsened health conditions

Employee Health Clinic Background

3. Better treatment of chronic-diseases

- Chronic diseases such as diabetes and hypertension are high-cost drivers for employees and health plans. Better management of these diseases saves money and members health.
- 86% of the dollars spent on health care in the U.S. are for chronic, treatable, preventable conditions.

4. The Clinic can manage referral patterns to providers whose costs are competitive

- For example, an MRI can cost as little as \$450 to as much as \$2,500, depending on where the member goes. This increases costs to the plan and the members.

Clinic Request for Proposals



Request for Proposals

- Issued an RFP for Clinic services in May 2017
 - 15 vendors responded to RFP
 - Vendors provided a wide-array of service delivery models including:
 - Clinic model that primarily focuses on urgent/acute care
 - Clinic model that primarily focuses on primary care (independent)
 - Clinic model that primarily focuses on primary care (aligned with a hospital system)
 - Network of independent family practice physicians

Recommended Vendor, Program, and Cost



Recommended Vendor

- Recommended vendor is CareATC
 - Operating employer sponsored clinics since 1998
 - Provides employer sponsored clinics to 140 clients in 32 states
 - Provide care for more than 170,000 individuals
 - Other cities include Arlington & Pasadena, Texas; Tampa, Florida; Oklahoma City & Tulsa, Oklahoma
 - Major corporate clients include QuickTrip; Whole Foods; Bank of Oklahoma/Bank of Texas; and Southwest Energy

Recommended Vendor

- CareATC provides wellness-oriented, primary care
- CareATC's service model is to see 2.5 patients per hour
 - Allows the provider and the patient time fully discuss health conditions

Recommended Program

- Two City of Dallas specific clinics
 - One for all employees, retirees, and their dependents who are on the City's self-insured health plan
 - At City Hall (current location)
 - One dedicated to Dallas uniformed officers, retirees and their dependents on the City's self-insured health plan
 - Location to be determined
 - Working with City's real estate staff and police and fire association leaders to identify a location

Recommended Program

- Shared access clinics
 - Clinics that employees from all of CareATC's clients can use
 - Not for the general public - specific to CareATC employers
 - CareATC currently has three other clinics in the Dallas metroplex and is seeking a fourth location
 - Dallas can purchase hours in the shared-access clinics
 - Access sold in four-hour/week blocks of time
 - Access is scalable, each four-hour/week block of time is sold based on the City's need/utilization

Cost Estimate

Clinic Cost Estimates					
City Hall Clinic (45 Hours Per Week)					
	Year 1	Year 2	Year 3	Year 4	
Annual Cost	\$ 468,492	\$ 490,583	\$ 505,060	\$ 511,938	
Start Up Costs	\$ 50,000	\$ -	\$ -	\$ -	
Labs, Immunizations & Supplies	\$ 68,823	\$ 70,888	\$ 73,014	\$ 75,205	
	\$ 587,315	\$ 561,471	\$ 578,074	\$ 587,143	\$ 2,314,003
Police & Fire Clinic (40 Hours Per Week Cost)					
	Year 1	Year 2	Year 3	Year 4	
Annual Cost	\$ 416,441	\$ 436,213	\$ 449,081	\$ 455,056	
Start Up Costs	\$ 75,000	\$ -	\$ -	\$ -	
Rental Costs	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	
Labs, Immunizations & Supplies	\$ 61,176	\$ 63,011	\$ 64,902	\$ 66,849	
	\$ 632,617	\$ 579,224	\$ 593,983	\$ 601,905	\$ 2,407,729
Shared Site Access (5 four-hour blocks)					
	Year 1	Year 2	Year 3	Year 4	
Annual Cost	\$ 305,220	\$ 314,377	\$ 323,808	\$ 333,522	
Start Up Costs	\$ -	\$ -	\$ -	\$ -	
Labs, Immunizations & Supplies	\$ 30,588	\$ 31,506	\$ 32,451	\$ 33,424	
	\$ 335,808	\$ 345,883	\$ 356,259	\$ 366,946	\$ 1,404,896
					\$ 6,126,628

- Contract annual cost is, on average, around \$1.5M
- Budgeted \$2M each year for FY17-18 & FY18-19

Action Item



Upcoming Agenda Item

- Clinic Contract - CareATC
 - February 28, 2018 agenda
 - Four-year contract with two one-year renewal options
 - \$6,126,628

Employee Health Clinics

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