



The slant...

Volume 21 Issue3

Fall 2009

Points of Interest

- Join SALGBA April 18-21, 2010 in Indianapolis, IN for the 28th Annual Conference & Expo

NOTE: the membership structure for SALGBA has changed. Effective October 1, 2009, entities can have up to 6 individuals listed on the membership for one low fee. Please see page 9. Annual Jurisdictional Membership is \$200 and Annual Associate Membership is \$325.

**SALGBA Regional Event
November 15-16, 2009
Charleston, WV
Watch www.salgba.com
for more details!**

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President's Letter...

By Rick French, Director of HR Services, City of Garland, TX

Greetings SALGBA members:

By the time you read this newsletter, the 2009-10 school year will have begun. To all our SALGBA educators from university systems to local school districts, please know that we are all appreciative of your dedicated efforts, and we wish you every success in the upcoming year.

Many of you are in the throes of budget season as school districts, state legislatures, county commissioners, and city councils consider the economic plight in many of our jurisdictions. Remember the good old days when budget preparation was a seasonal activity? Now it seems budgeting has become a 24-7-365 activity for all of us.

Furloughs, pay reductions, and layoffs are options that thankfully public entities have not had to consider in the past, but they are now commonplace. With declining property values and sales tax revenues plus increasing foreclosures and business closings, the economic picture for the next fiscal year looks bleak in many, many of our organization's employers.

And, that is where SALGBA provides solutions

unmatched in our industry. Our Association has the best cost/value ratio in the business. Here are just a few examples:

- We are introducing a new cost effective benefit. If your jurisdiction is a SALGBA member, you can add additional members from your jurisdiction to your membership free of charge. There used to be an annual fee of \$50 per employee to do this. (You will need to declare a primary member for voting purposes).
- In my years with SALGBA, this year has had more jurisdictional emails asking for policies, practices, and assistance than ever before. It is gratifying to see the mass responses and sharing of ideas that make all our jobs easier.

- The bank of RFP's that SALGBA maintains is a tremendous asset we all can benefit from when we need to obtain proposals for our benefits programs.

Our annual conference has national acclaim for the quality of educational and networking opportunities it delivers. This year is no different as hot topics that are sure to be on tap include:

- *National Healthcare Reform

*Containing Healthcare Costs

*Helping Members Prepare for Retirement

*What to do in declining 457 and 403 markets

*EAP – Helping Employees Survive in Tough Economic Times

These subjects and many other issues of interest will be presented and discussed. So now is the time to re-new your membership and share the good news of SALGBA with your peers and colleagues. To keep our association vital and strong, we must all do our part to continue to make the organization the best it can be. To that end, we need you and we appreciate your efforts. If I or any of the Board can be of service to you at any time now or in the future, please do not hesitate to contact us.

All the best,

Rick French
Director of HR Services
City of Garland, TX



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Pam Stultz, Larimer County, CO
Scott Mixon, FBMC

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Rob Tester, State of South Carolina
Scott Gibbs, McGriff, Seibels & Williams

Continuing Education:

Cindy Downey, The BEST Health Plan, CO

Budget:

Cindy Kirk, City of Bryan, TX

Constitution & By-Laws:

Dan Stewart, University of TX System
Hubert Lincecum, State of Louisiana

Nominating:

Debbie Juul, LACERA

Program:

Chuck Griffith, Bernalillo County, NM

Conference:

Pete Hans, Waukesha County, WI

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What will Health Care Reform Mean for Your City?

By Lynn McNamara, City County Insurance Services (CIS)

The exponential rise in health care premiums in recent years has been matched by an increase in the amount of discussion about reforming the health care system. The current economic climate has added a sense of urgency to making reform happen.

While there are many points of view about what will make a difference, there are two areas of almost universal agreement: (1) *Something* needs to happen, and (2) figuring out what the *something* is, is complicated.

It's not hard to understand why reform is necessary. Consider these projections in national health care expenditures (NHE) for 2008-18, prepared by the U.S. Department of Health and Human Services:

- Growth in NHE is expected to average 6.2 percent per year over the projection period (2008-2018).
- The health share of Gross Domestic Product (was) projected to reach 16.6 percent in 2008 and 20.3 percent by 2018.
- Medicare spending is projected to average 7.3% per year over the projection period.
- Medicaid spending is projected to average 8.4% per year over the projection period.
- Private spending is projected to average 5.3% per year over the projection period.
- Spending on hospital services was projected to grow 7.2% in 2008 to \$747 billion. Average growth of 6.4% per year is expected for the entire projection period.
- Spending on prescription drugs was projected to grow 3.5% in 2008 to \$235 billion. Average growth of 6.5% per year is expected for the entire projection period.

All of these statistics talk about spending. None of them relate to whether or not people receiving services from these expenditures will be healthier, or live longer. Health reform efforts both in Oregon and at the federal level seek to connect health care spending to health care outcomes.

Whose fault is it?

If health care reform were simple, it likely would have happened by now. It's easy to place blame: It's the pharmaceutical companies. It's the insurance companies. It's the hospitals and doctors. It's the costs for the uninsured population. And it's us.

The health care debate is complicated for many reasons, not the least of which is that health care is personal. Each one of us will need health care in our lifetimes, and when we, or our family members are sick, the natural inclination is to want the "best", regardless of cost. We also want to do what we want to: how many of us actually make the lifestyle changes – the diet, the exercise, stopping smoking, and preventive exams -- that we know will improve our health now and in the future?

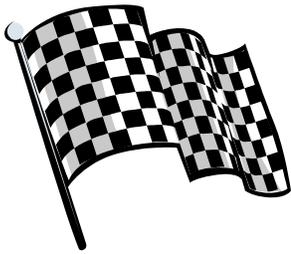
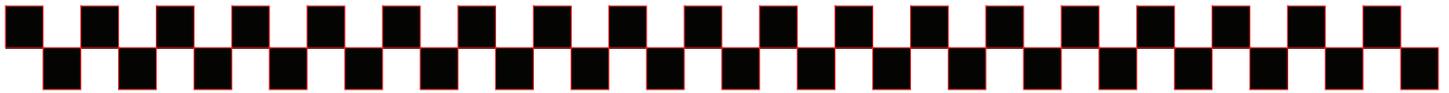
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SALGBA 28th Annual Conference

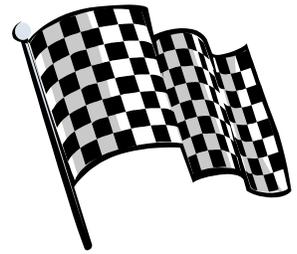
April 18-21, 2010

Hyatt Regency in Indianapolis, IN

Registration will open in November 2009



SALGBA 2010
ANNUAL CONFERENCE
*“Keeping Pace in the Benefits
Race”*



SALGBA is gearing up for an exceptional 28th Annual Conference April 18-21, 2010 in Indianapolis, Indiana at the Hyatt Regency Downtown.

We have been receiving speaker submissions for the past few weeks and based on the proposals, this year’s agenda will be complete with timely, relevant and outstanding educational sessions.

Our Program Committee is working diligently on general session presenters. We are very fortunate to have Dr. Rob Epstein from Medco joining us again this year with a pace setting presentation. A full tentative agenda will be available in the next newsletter and at www.salgba.com soon.

So, if you want to *keep pace in the benefits race* then join SALGBA in Indy for an educational and networking event that is sure to get you motivated!





2010 SALGBA Conference Tour...Indy Indeed

Join us on Sunday, April 18th for a glimpse into all that Indy has to offer!



The 2010 Sunday Tour proudly sponsored by FBMC will begin with a visit to the Indy Motor Speedway. You will be able to take a tour of the Speedway Museum which houses the rich history of the sport. Then you're off for a lap around the track so you can experience the ride for yourself. Now that you have worked up an appetite you are off to lunch at the legendary Rathskeller restaurant for an amazing buffet lunch. Ready, set, go and you're off again with a tour of Lucas Oil Stadium. Then in order to refresh from an exciting day of sightseeing, you will wrap up with a tour and tasting at a local winery. Upon your return to the Hyatt you will be able to relax before joining friends and colleagues at the Opening Night Reception.

Indianapolis
Raising the game

THE RATHSKELLER RESTAURANT

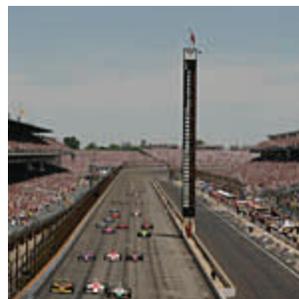
visitIndy.com

Nightlife options like the Rathskeller, which USA Today called "classic," heat up the night in Indianapolis.



2010 SALGBA Tuesday Night Event

Be sure to join us for a sporty networking event at the NCAA Hall of Champions. Be sure to wear your favorite team apparel!!



Clarifying the True Costs of Healthcare: Recommendations on how to Improve Organizational Health & Productivity

Ronald Loeppke, MD, MPH and Michael Taitel, Ph.D., Alere Center for Health Intelligence

Recently, 180 of the nation's top employers, health plans and benefit consulting firms participated in "The Business Case for Better Health," a webinar hosted by the publishers of *Employee Benefit News* and *Employee Benefit Adviser*. A poll taken during the June 2009 webinar indicated that many business executives continue to hold the conventional view that medical and pharmacy costs are the primary drivers of health-related costs. In fact, it was found that nearly seventy-four percent (74%) of webinar participants who responded to the poll stated that they see medical and pharmacy expenses as the top cost drivers for their healthcare benefit programs. These results reveal that despite the presentation of recent research showing that decreased workplace productivity due to chronic and other illnesses is actually more costly to employers than medical and pharmacy cost alone (in general more than twice as expensive)¹, that many benefits professionals and their staff experience difficulty identifying the true costs of health conditions in order to hone or expand their organization's health benefits strategies.

At the same time, the federal government is encouraging states to implement wellness and chronic disease management programs to impact healthcare quality and reduce healthcare costs. And for good reason. Prevention can make significant reductions in the financial burden of poor employee health, while lost employee productivity due to poor employee health only adds to an organization's economic burden. As such, an investment in health improvement and wellness programs provides an organization with a transformational opportunity to look beyond healthcare benefits as a cost to be managed, and instead focus on the benefits of good health as an investment to be leveraged.

Recommendations for Benefits Professionals

Organizations looking to invest in the health of their workforce with health improvement and wellness programs and reduce healthcare costs should keep a few best practices in mind when developing their health benefits strategies. It is recommended that benefits professionals:

*Obtain data to understand an organization's cost drivers and cost-saving opportunities, including:

- Chronic conditions,
- Health risks,
- Medical and pharmacy costs, and
- Health-related productivity costs (presenteeism and absenteeism).

*Complete an assessment of the organization's culture and readiness to implement a health & productivity program.

*Understand the organization's communication preferences, including frequency and medium.

*Discuss incentives and incentive communication strategies.

*Choose a health & productivity assessment (HPA) tool to establish a baseline health risk profile and reveal a blueprint for action. Repeat annually to measure results.

*Focus on an integrated approach, including:

- Worksite health programs,
- Smoking cessation,
- Weight management, and
- Health screenings.

*Enlist executive management support.

*Designate local "Wellness Champions."

*Develop measurable goals to build a Culture of Health in the organization.

By designing health benefits programs that look beyond medical and pharmacy costs to include a focus on the burden of chronic illness, health risks and health-related productivity loss, benefits professionals can positively affect their organization's bottom line. For a copy of the JOEM article or wellness program planning recommendations, please contact Erica Moreland at erica.moreland@alere.com or (770) 767-8698.

¹ *Journal of Occupational and Environmental Medicine*, "Health and Productivity as a Business Strategy: A Multiemployer Study," Loeppke, Taitel, et al. April 2009.

...What will Health Care Reform Mean for Your City?

Here's an example of the "personal" effect, pulled from CIS Benefits claims data. Between June 1, 2008 and May 30, 2009, there were 1,758 claims filed for Lipitor, a cholesterol-lowering drug. Regence paid \$320,140 toward the cost of these prescriptions. According to data developed by D2 Hawkeye, a national provider of health care analytics that works with CIS, if these prescriptions had been for Simvastatin, a generic cholesterol-lowering drug that studies have found to provide the best results for the least cost, the cost would have been \$17,715... *94% less*. The CIS data shows that the average cost per Lipitor prescription was \$182.10. The average cost per prescription for someone taking Simvastatin (with 1,410 prescriptions filled) was \$2.35.

So why isn't everyone who needs medication to lower cholesterol on Simvastatin rather than Lipitor? Certainly there are cases where the doctor has tried Simvastatin and determined that Lipitor works better for the patient. But how many patients have never been asked to try the lower-cost alternative? How many would feel comfortable asking their doctor about it? And in plan designs with relatively low copayments for prescriptions, how many would be financially motivated to do so?

And one more question for city officials: if your city's medical plan stopped paying for Lipitor unless Simvastatin were tried first, how many employee complaints about a "take away" would it generate?

Change is hard. But as we look at the current landscape for cities, it's clear that change has got to come.

The Current Landscape

After a few years of relief, health insurance premiums are creeping higher again. A claims trend factor survey of Oregon insurance companies prepared by The Partners Group, CIS' benefits consultants, showed a range of increases between 12.2 and 14.4% for preferred provider medical plans, and increases ranging between 9.2 and 13.7% for prescription drug claims. The actual premiums paid by employer groups may be higher or lower, based on their own claims experience, but the reality is that even if the medical increase is 10%, that's still 10 times the current rate of general inflation, and out of line with shrinking city revenues and other cost increases.

Oregon's Health Care Reform efforts – HB 2009 and HB 2116

The Oregon Legislature made health care reform a priority in the 2009 session, and the result was HB 2009 – the policy-making legislation – and HB 2116, the funding legislation.

HB 2009 takes a holistic view of health care reform. It's built on the recommendations of the Oregon Health Fund Board, created by the 2007 Legislature to make recommendations to the Legislature on ways to improve health care in Oregon. HB 2009 vests responsibility for all things health care in the Oregon Health Policy Board, a nine-member group to be appointed by the Governor. Although much energy during the session was spent on trying to develop specific solutions, in the end, funding realities resulted only in a requirement for the Board to develop a plan for the 2011 Legislature to provide and fund access to affordable health care for all Oregonians by 2015.

The Health Policy Board also is supposed to start implementation of some specific initiatives that are aimed at reducing costs and improving health care quality. These include a statewide registry of Physician Orders for Life Sustaining Treatment (POLST); promotion of the use of electronic health records and data exchange; the creation of the Statewide Health Improvement Program, "to support evidence-based community efforts to prevent chronic disease and reduce the utilization of expensive and invasive acute treatments"; the establishment of a Healthcare Workforce database; and the development of evidence-based health care guidelines for use by health care providers, consumers, and purchasers of health care in Oregon.

Cities are specifically mentioned in one section of the bill, which creates a Public Health Benefit Purchasers Committee. The Committee, which explicitly includes individuals from city government who purchase health care, focuses on benefit plan design as a way to achieve best practices and consolidated purchasing, if possible.

The Committee is charged with:

- Identifying and making, "specific recommendations to achieve uniformity across all public health benefit plan designs based on the best available clinical evidence, recognized best practices for health promotion and disease management, demonstrated cost-effectiveness and shared demographics among the enrollees within the pools covered by the benefit plans".

Continued Page 8

...What will Health Care Reform Mean for Your City?

The Committee is charged with:

- Developing a plan for ongoing collaboration to implement the uniform designs the group develops and, “shall leverage purchasing to achieve benefit uniformity if practicable”.

These changes are supposed to minimize the cost shift to individual public purchasers, while not shifting costs to the private sector.

HB 2116 imposes a 1% assessment on the gross amount of premiums earned by an insurer from health policies between October 1, 2009 and September 30, 2013. The Public Employee Benefit Board (PEBB), the insurance program for state employees which is about to become self-insured, also will pay 1% of its medical claims and their associated administrative cost. The funds are to be used to expand health care coverage for Oregon children, and to provide grants to community health centers and safety net clinics. It’s reasonable to assume that the cost of the assessment will be passed on by insurers in their rates, as the legislation explicitly allows them to do so.

Apart from meeting the public policy goal of health care for all Oregonians, the rate increase *HB 2116* applies is based on the supposition that you have to spend money to ultimately save money. The cost of “uncompensated care” – the emergency services that health care providers, primarily hospitals, provide to uninsured individuals – is ultimately passed on to the insured population through provider rates that are higher than they would otherwise be. The theory is that if those individuals have access to regular medical care, illnesses will not result in costly emergency treatment.

And at the national level...

At this writing, it appears that a national health care reform bill will emerge in the relatively near future. However, Congress and the President are still wrangling over its terms. The House has passed a bill; a Senate committee has its own plan. There are significant questions to be decided about funding – e.g., will the value of employer-provided insurance become taxable? Will there will be a ‘public’ plan to compete with private insurers?

A recent publication of AARP summarized some of the areas of agreement at the national level, even if the details remain to be worked out. They include: the maintenance of employer-provided health care; some form of mandatory health coverage for everyone; the need for control in the increase of health care cost; more federal regulation of the insurance industry; and improvement in the quality of care, and in health outcomes.

State of Things for *Winter 2010* Edition of *The Slant* will feature...

The Southeast Region



Mississippi



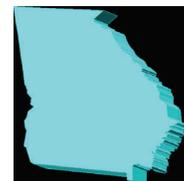
Alabama



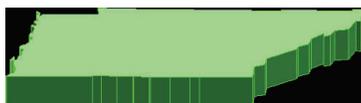
South Carolina



Florida



Georgia



Tennessee



North Carolina



Kentucky

State and Local Government Benefits Association

...the premier organization for public sector benefits professionals

Membership Application

Entity _____

Address _____

City, State, Zip _____

Website _____ Telephone _____ Fax _____

Primary Contact _____ Email _____

Position/Title _____ Phone: _____ Fax: _____

**May have up to 5 additional members listed at no additional cost. Submit name, title, address, phone, fax & email to office.

Referral Source: Website SALGBA member: _____ Other _____

What do you most hope to gain from your membership? _____

Membership Descriptions

Jurisdictional Member \$200

A public sector entity actively engaged in administering an employee benefits program.

Entity Type:

State Entity Local (City or County) Entity Retirement Entity Educational Entity

Other: _____

Associate Member \$325

A consultant organization, insurance company or other professional group that is a seller of employee benefits services, not a purchaser.

Company Type:

Health Insurance Co. Pharmaceutical Co. (PBM) Dental Insurance Co. Vision Insurance Co.
 Software Management Co. Consultant Third Party Administrator Voluntary Benefits
 Wellness Provider Disease Management Co. Behavioral Health Co.
 Other: _____

Payment Information

The annual membership fee is due with this application. Payment may be made by check and payable to SALGBA, or by credit card. In order to pay by credit card please contact the SALGBA National Office at 888.623.8676 or visit www.salgba.com.

Please submit completed application with payment to:

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 Berea, KY 40403
 Phone: 888-623-8676; Fax: 859-623-8694
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Signature _____ Title _____

Name (Printed) _____ Date _____

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***PLEASE BE SURE TO NOTE
THE NEW SALGBA PHONE
NUMBER & FAX NUMBER
FOR FUTURE
CORRESPONDENCE***

*Don't forget to mark your calendars
for the 2010 SALGBA Annual
Conference April 18-21 in
Indianapolis, IN at the Hyatt
Regency*

SALGBA UPDATES

- ***2010 Sponsor/Exhibitor Prospectus will be released soon.***
- ***2010 Conference Registration will open in November.***
- ***Starting October 1st members will begin receiving email requests for sample RFP's on a specific topic so that we can update our RFP library on the website. This is an invaluable resource for members so please respond.***
- ***Mark your calendars for the 2011 SALGBA Annual Conference, May 1st—4th at the Hyatt Regency Bonaventure in Ft. Lauderdale.***