

CHIPPEWA COUNTY, WISCONSIN

BUSINESS DESCRIPTION:

Chippewa County, Wisconsin has a current population of 60,609, according to US Census Bureau estimates.¹⁵ County-wide, there were 1,375 employers and 16,525 employees as of 2003.¹⁶ The Chippewa Falls area, the major metropolitan center in Chippewa County, has over 13,000 residents and is home to more than 40 manufacturing companies that employ more than 5,500 people, including Mason Companies, Leinenkugel Beers, W.S. Darley Pumps, SGI, and Cray Computers.

INITIATION OF VALUE-BASED APPROACH:

Using a health risk assessment coupled with biometric testing, the Risk Management and Centralized Purchasing Division identifies needs among employees and guides them into preventive care and/or disease management.

PROGRAM OBJECTIVES:

Because the county is self-funded for group health and workers' compensation (WC), the county's main goals are to improve the health and conditioning of their employees in order to reduce health-related costs, WC incidents and WC case duration.

PROGRAM COMPONENTS:

There are four main components to the value-based program:

1. **Health risk assessment (HRA) with biometrics.** Incentives are used to encourage both employees and spouses to participate in the HRA. In the past these incentives have included items such as gift cards from a local sporting goods store, Green Bay Packers football tickets, and other gift certificates. In 2009, the big draw was a "free" flu shot, a \$35 value. Because the county is committed to the value of the baseline HRA biometric testing, it allows employees to use paid time to participate in the HRA screening tests.
2. **Health reimbursement accounts.** In 2004, the county added a high deductible health plan with a health reimbursement account. The account belongs to the employee and rolls over year to year.
3. **Self-funded workers' compensation.** Being self-funded allows the county to run its wellness and loss control activities through its WC program.
4. **Strategic analytics.** A strategic resource for the county has been Concert Health Resources, which provides health cost reduction programs, health risk evaluation, motivational counseling, data interpretation, health care claims evaluation, medical resources, educational seminars and wellness programs. Concert Health works with the county's broker, Associated Financial Group, in developing a Health Plan Intelligence (HPI) Dashboard report called the PlanIt report. The HPI Dashboard provides a detailed listing of utilization and costs by types of services and has summary graphics.

The county also works with Humana which provides claims analysis and is the county's third party administrator. Humana develops reports to identify target areas and summarize progress on several measures: top clinical conditions, medical and pharmacy utilization, spending stratified by demographics, and member engagement. Combined, the PlanIt report and the Humana Compass report are used to develop plan design and strategies to engage plan participants in their health.

The county has contracted with Springbrook to implement a new financial software package with a human resources component to track absence days as part of the program. This will be beneficial in data analysis to determine the true and complete cost impact that all lost time (WC or personal) has on the organization.

PROGRAM RESULTS:

The first year that the county implemented the program at the highway department, it had an 80% HRA participation rate, with 62% of those who completed the study being referred to a physician. The Center for Health Value Innovation recently reported the results of Chippewa County's value-based initiatives.¹⁷ The county's use of value-based benefit design has resulted in the following outcomes:

1. The premium trend was reduced from 16.1% to 3% in five years (2004 to 2009).
2. Total health care costs were reduced in 2008 by \$500,000 over the 2007 budget.
3. Between 2007 and 2008, premiums dropped 7%, from \$1,654 to \$1,546 per family plan, per month, and the program ended the 2007 year with an 82% loss ratio, which was 18% under the budgeted expected claims. A loss ratio is the proportionate relationship of incurred losses to earned premiums expressed as a percentage (eg: if a firm pays \$100,000 in premiums for workers compensation insurance in a given year, and its insurer pays and reserves \$50,000 in claims, the firm's loss ratio is 50 percent, or \$50,000 incurred losses/\$100,000 earned premiums).¹⁸

PROGRAM CHALLENGES:

One of the program's challenges is working with the unions to lower what are perceived as "up front" benefits to create more long-term savings. For example, the county tried to lower from 720 hours to 400 hours the sick leave that employees can accumulate, and to change the long-term disability plan from 90 days to 60 days, putting the savings into a long term health reimbursement account for future health care costs, but the union would not support it. The union was concerned that its members would lose money "up front."