



### Local Government Employee Health Insurance Programs, 2006

The Local Government Employee Health Insurance Programs surveys were mailed in fall 2006 and winter 2007 to the Chief Administrative Officers of municipalities with populations 2,500 and over and to the Chief Administrative Officers of counties with the council-administrator or council-elected executive form of government. Of the 8,013 municipalities and counties that received surveys, 2,243 local governments responded (28.0%)

CIGNA HealthCare sponsored the survey as part of its ongoing commitment to provide assistance to local governments on employee health care issues.

For more information on the ICMA's Local Government Employee Health Insurance Programs survey, please contact [Evelina Moulder](#).

Following is the survey text with the aggregate results shown next to each answer. Each answer represents the percentage reporting for that question, except where noted.

1. Does your local government offer health insurance to employees?

99.4 a. Yes (continue)

0.6 b. No (Thank you. Please return your questionnaire in the enclosed envelope.)

2. What is your role in selecting health insurance for your local government's employees? (Check all applicable.) (Note: If you are not involved in selecting health insurance for employees, please forward this survey to the appropriate person in your local government.)

- a. Evaluate health insurance company proposals 71.4
- b. Recommend selection of health insurance company 68.0
- c. Involved in decision 71.3
- d. Make final decision 24.4

### WORKFORCE HEALTH CONCERNS

3. What would you say are the top 3 concerns related to the health of your workforce? (Write the numbers 1, 2 and 3 next to your top concerns.)

The numbers below represent the total that reported each as one of the top 3 concerns.

Health Concerns:			
a. Obesity/Weight Management	<u>1,139</u>	h. Diabetes	<u>539</u>
b. Stress Management	<u>852</u>	i. Depression	<u>169</u>
c. Smoking	<u>623</u>	j. Heart Disease	<u>930</u>
d. Nutrition	<u>240</u>	k. Low Back Pain	<u>433</u>
e. Disease Prevention	<u>666</u>	l. Cancer	<u>585</u>
f. At-risk Pregnancies	<u>21</u>	m. Other (Specify)	<u>103</u>
g. Asthma	<u>25</u>	n. Other (Specify)	<u>8</u>

4. For each health concern below, please indicate any programs now in place or indicate if and when you may consider adding them.

	For programs not now offered, indicate if and when program may be considered.					Not Sure
	Offer Now	In next 12 Months	In 1 - 3 Years	In 3 - 5 Years	Do not plan to add	
a. Obesity/Weight Management	33.4	12.1	7.1	0.8	18.4	28.7
b. Smoking	34.5	12.0	5.5	0.9	19.3	28.3
c. Nutrition	29.9	10.7	6.3	1.3	21.0	31.3
d. Disease Prevention	31.6	8.7	5.6	1.2	19.7	33.4
e. At-risk Pregnancies	16.6	2.6	2.6	0.7	33.3	44.3
f. Asthma	19.0	3.4	3.1	0.9	29.6	44.1
g. Depression	30.3	5.2	5.1	0.9	21.7	37.1
h. Heart Disease	28.6	9.5	5.9	0.7	21.0	34.4
i. Low Back Pain	24.9	6.4	5.0	0.8	21.8	41.2
j. Cancer	21.5	6.2	4.7	0.9	23.3	43.6
k. Fitness	42.3	10.8	5.2	1.2	14.9	25.9
l. Other (specify) _____	13.0	3.0	1.6	0.1	31.3	51.0
m. Diabetes	86.7	6.7	6.7	0.0	0.0	0.0

#### HEALTH INSURANCE BENEFITS

5. What insurance benefits does your local government NOW offer? Think about your current employees and your retirees, if appropriate. *Check all applicable. Refer to definitions on the last page.*

CURRENT EMPLOYEE PLANS		EARLY RETIREE PLANS (Pre Age 65)		RETIREE PLANS (Age 65 and older)	
		We do not offer early retiree health insurance benefits	35.3	We do not offer retiree health insurance benefits	40.8
				Medicare Advantage	3.4
				Medicare Supplement	15.9
HMO – Medical	39.5	HMO – Medical	27.5	HMO – Medical	24.3
POS – Medical	19.1	POS – Medical	14.0	POS – Medical	10.8
PPO – Medical	73.5	PPO – Medical	49.2	PPO – Medical	35.8
Indemnity – Medical	8.5	Indemnity – Medical	6.3	Indemnity – Medical	5.3
HRA with underlying medical plan	5.8	HRA with underlying medical plan	2.2	HRA with underlying medical plan	1.6
		Stand alone HRA (without medical plan) *	0.4	Stand alone HRA (without medical plan) *	0.6
HSA (Health Savings Account with High Deductible Plan)**	10.1	HSA (Health Savings Account with High Deductible Plan)**	3.1		
Pharmacy	71.5	Pharmacy	43.6	Medicare Part D Pharmacy – ER PDP***	15.9
				Medicare Part D Pharmacy – Subsidy***	7.7
Dental	84.5	Dental	40.6	Dental	29.4
EAP (Employee Assistance Program)	56.8	EAP (Employee Assistance Program)	13.2	EAP (Employee Assistance Program)	7.2
Other (specify)	20.8	Other (specify)	8.9	Other (specify)	7.6

5a. If you currently offer them, how are retiree healthcare benefits paid for? (Check all that apply.)

- a. Fully paid by local government 25.0
- b. Partially paid by local government 40.5
- c. Accessible to retirees at cost 53.8

**PLANNING FOR THE FUTURE**

6. Please answer this question if you **do not** currently offer a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA). *If you **do** offer a HSA or a HRA skip to question 9.*

Indicate if and when your local government is likely to consider each of the following health plan and product offerings.

Plan and Product Offerings	For programs not now offered, indicate if and when program may be considered.				
	In next 12 Months	In 1 - 3 Years	In 3 - 5 Years	Do not plan to consider	Not Sure
1. Health Savings Account with a high deductible plan (HSA)**	7.0	15.4	5.2	33.9	39.0
2. Health Reimbursement Arrangement (HRA) <u>with</u> underlying medical plan	5.7	9.6	4.1	37.3	43.6
3. Stand alone Health Reimbursement Arrangement (HRA) ( <u>without</u> medical plan)*	3.0	4.9	1.4	45.9	45.1

\* A Stand Alone 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.

\*\* Health Savings Account is an account funded by the employee for future health care expenses. The employee can choose to use the fund for current health expenses or allow the fund to grow.

\*\*\* Medicare Part D Pharmacy ER PDP/Pharmacy Subsidy – Supplemental Pharmacy program available to Medicare beneficiaries.

7. Please list any programs now in place, or if and when your local government is likely to consider each of the following health plan and product offerings.

Plan and Product Offerings	Offer Now	For programs not now offered, indicate if and when program may be considered.				
		In next 12 Months	In 1 - 3 Years	In 3 - 5 Years	Do not plan to consider	Not Sure
a. Affordable but limited benefits plan for employees not eligible for your existing plans	3.1	1.2	2.1	1.2	66.3	26.1
b. Onsite clinic	3.4	1.4	1.3	0.9	77.0	16.1
c. Disease <b>management</b> programs	22.8	5.8	6.1	1.8	33.5	30.0
d. Health advisor/health coach	16.2	4.8	4.6	2.0	43.7	29.0
e. Online health plan enrollment for employees	16.8	6.8	10.8	3.4	33.0	29.6
f. Health Risk Assessment questionnaire	28.4	8.6	6.5	1.6	25.8	29.4
g. Rewards to employees for using high quality, cost-efficient providers (e.g., lower copay or dollars deposited into a reward account)	6.6	4.1	7.2	1.9	36.9	43.4
h. Rewards to employees for engaging in wellness or disease <b>prevention</b> programs	17.9	9.0	8.9	2.9	27.8	33.9
i. Online tools to help employees select a plan and allow them to enroll online	11.6	6.1	10.6	2.8	37.4	31.8
j. Online tools to allow employees to customize their benefits (choose copays, deductibles, maximums, etc.)	3.9	2.7	6.3	3.1	48.0	36.1

8. What challenges would your local government face in adopting such product and plan offerings? Please be specific.

9. If you **do not** use a Health Risk Assessment questionnaire, skip to question 10.

If you **do** use a Health Risk Assessment questionnaire please indicate the type of program, the percent of employees who completed the survey and any incentive amount given to employees for completion.

Type of program:		% of employees who completed in 2006
a. Voluntary	<b>75.2</b>	<b>41.1</b>
b. Incentive based	<b>23.8</b>	<b>48.5</b>
c. Mandatory	<b>6.7</b>	<b>67.8</b>

A. Is any incentive offered to employees to encourage them to complete the Health Risk Assessment questionnaire? **40.2** a. Yes **59.8** b. No

B. If an incentive to complete the Health Risk Assessment is offered, which type of incentive is it?  
**33.7** 1. Cash **11.0** 3. Reduction in premium  
**19.2** 2. Gift card **36.0** 4. Other (Please describe.)

C. What is the dollar value of the incentive? **\$152.38 (Average)**

10. From the list of options below, please indicate if your local government is considering any of them for retirees.

OPTIONS	For programs not now offered, indicate if and when program may be considered.					
	Now Offer	In next 12 mo	In 1-3 years	In 3-5 years	Do not plan to consider	Not Sure
a. Offer estate planning/legal assistance for retirees	<b>5.1</b>	<b>0.3</b>	<b>0.7</b>	<b>0.4</b>	<b>74.0</b>	<b>19.6</b>
b. Offer health advocate services for seniors and/or caregivers (e.g., support navigating the health care system, coordinating overall care including clinical, community, and educational services.	<b>4.8</b>	<b>0.6</b>	<b>1.4</b>	<b>0.9</b>	<b>69.3</b>	<b>23.1</b>
c. Outsource billing and collection of retiree premiums	<b>7.9</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>72.4</b>	<b>17.9</b>
d. Outsource HR retiree services (e.g., managing changes in eligibility, communicating with insurance company)	<b>5.8</b>	<b>0.6</b>	<b>0.8</b>	<b>0.4</b>	<b>74.9</b>	<b>17.5</b>
e. Outsource retiree enrollment	<b>5.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>75.8</b>	<b>17.3</b>
f. Outsource retiree communications	<b>4.8</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>76.3</b>	<b>17.5</b>

### GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB) LIABILITY

11. Are you familiar with GASB regulations? **67.6** a. Yes **32.4** b. No (If "no," skip to question 16)

12. What is your likely level of GASB liability?

a. Less than \$10 Million	<b>44.1</b>	d. Not sure	<b>25.6</b>
b. \$10 to \$100 Million	<b>15.4</b>	e. Does not apply	<b>12.3</b>
c. More than \$100 Million	<b>2.6</b>		

13. Given your potential GASB liability, indicate if and when your local government is likely to consider each of the following approaches to manage the liability.

APPROACHES TO MANAGE GASB LIABILITY	Offer Now	Indicate if and when approach may be considered.			Do not plan to consider	Not Sure
		In next 12 months	In 1-3 years	In 3-5 years		
a. Discontinue early retiree medical benefits for...						
1. New Hires	7.9	4.8	5.3	3.3	47.3	32.2
2. Current Employees (excl. new hires)	5.4	1.9	2.3	1.9	56.5	32.9
3. Current Retirees	3.9	1.3	1.2	0.5	60.5	33.0
b. Discontinue 65+ retiree medical benefits for...						
1. New Hires	6.0	4.6	4.2	2.0	52.9	30.8
2. Current Employees (excl. new hires)	6.1	1.9	2.7	1.8	55.6	32.2
3. Current Retirees	5.3	1.1	1.4	0.8	59.7	31.9
c. Substitute current retiree plan with a voluntary plan retirees can access through your local government for...						
1. New Hires	4.1	2.9	2.8	1.4	52.3	36.6
2. Current Employees (excl. new hires)	3.6	2.4	2.5	1.1	53.2	37.1
3. Current Retirees	3.6	1.6	2.4	0.5	55.5	36.4
d. Funding HRA or HSA for...						
1. New Hires	8.4	7.3	8.0	4.0	37.6	34.7
2. Current Employees (excl. new hires)	8.1	6.7	8.6	3.7	38.2	34.9
3. Current Retirees	2.7	3.6	4.9	2.0	50.8	36.1
e. Reduce retiree benefits (e.g., by moving to Medicare Advantage)						
1. New Hires	4.0	3.7	3.9	1.4	46.4	40.7
2. Current Employees (excl. new hires)	3.8	2.9	4.0	1.2	46.9	41.3
3. Current Retirees	3.7	2.2	3.0	0.9	49.4	40.7
f. Health coaching for current employees	11.5	5.3	4.9	1.6	38.0	39.2
g. Pre-fund retiree medical liability	5.9	6.2	5.6	2.5	40.0	40.0

14. If you plan to pre-fund retiree liability, how likely is your local government to use each type of pre-funding vehicle?

Vehicle:	Definitely Would	Probably Would	Probably Would Not	Definitely Would Not	Not Sure
a. VEBA	5.9	7.7	6.4	13.2	66.9
b. Integral Part Trust	3.3	7.6	6.6	13.9	68.6
c. OPEB Bonds	1.2	3.7	9.1	18.4	67.6
d. Other (specify)	4.8	2.1	3.3	14.2	75.6

15. What challenges would your local government face in adopting such approaches to managing GASB medical liability?

**BEST PRACTICES**

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

**DECISION MAKING**

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

*(Check all applicable.)*

- |                                     |             |                                      |            |
|-------------------------------------|-------------|--------------------------------------|------------|
| a. General procurement form/process | <b>21.7</b> | c. Committee prepares specifications | <b>9.5</b> |
| b. Broker or Consultant guidance    | <b>59.2</b> | d. Other (specify)                   | <b>9.6</b> |

18. Who makes the final decision when selecting health plans? *(Check all applicable.)*

- |                         |             |                              |             |
|-------------------------|-------------|------------------------------|-------------|
| a. Procurement Officer  | <b>1.6</b>  | f. Benefits Manager/Director | <b>5.8</b>  |
| b. City or Town Manager | <b>41.6</b> | g. Union                     | <b>7.9</b>  |
| c. Broker or Consultant | <b>3.9</b>  | h. Elected Official          | <b>52.5</b> |
| d. Legal Representative | <b>0.9</b>  | i. Special Committee         | <b>11.2</b> |
| e. Human Resources/HR   | <b>14.7</b> | j. Other (specify)           | <b>12.7</b> |

19. Does your local government purchase health insurance independently or through another entity?

*(Check only one.)*

- |   |             |                                     |             |
|---|-------------|-------------------------------------|-------------|
| a. Independently                              | <b>62.2</b> | c. Through the state plan (specify) | <b>10.5</b> |
| b. Through an Association/Coalition (specify) | <b>20.3</b> | d. Other (specify)                  | <b>6.9</b>  |

20. Are the health plan(s) offered by your organization self-funded or fully insured? *(Check only one.)*

- |  |             |
|--|-------------|
| a. Self funded (the employer sets aside funds to pay employee claims)                            | <b>21.8</b> |
| b. Fully insured (the employer pays a premium to the insurance company who pays employee claims) | <b>62.5</b> |
| c. Some of each (self funded and fully insured)  | <b>14.1</b> |
| d. Not sure  | <b>1.6</b>  |

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

<b>(Averages)</b>	<b>Total Number</b>	<b>Number eligible for health insurance</b>	<b>Number electing medical coverage through your local government</b>
a. Current Employees	<b>398</b>	<b>357</b>	<b>340</b>
b. Early Retirees	<b>84</b>	<b>83</b>	<b>69</b>
c. Retirees 65 and older	<b>112</b>	<b>109</b>	<b>89</b>

Please provide your

First Name \_\_\_\_\_ Last Name \_\_\_\_\_ Title \_\_\_\_\_  
 Phone \_\_\_\_\_ E-mail \_\_\_\_\_ in case we need to contact you.

**Thank you for taking the time to complete this survey.**

**Please return to:**  
**Evelina Moulder, Director of Survey Research,**  
**ICMA**  
**777 North Capitol Street, NE, Suite 500, Washington DC 20002-4201.**

***Local Government Employee Health Insurance Programs, 2006***

**HEALTH PLAN TYPE DEFINITIONS**

**HMO (Health Maintenance Organization).** The plan requires members to choose a primary care physician (PCP) from a selected network of credentialed providers. The PCP coordinates care, referrals and pre-certification to specialists and hospitals within the HMO network. Member is required to use participating or approved providers for all healthcare.

**PPO (Preferred Provider Organization).** Care is received from any physician in the health plan's network of doctors and hospitals without a referral. With the "open access" feature, one can leave the network but will receive care at a higher cost and need to fill out a claim for payment. It is not required to choose a primary care physician for coverage.

**POS (Point of Service).** Members must choose a primary care physician (PCP) from a selected network of credentialed providers. The PCP coordinates care, referrals and pre-certification to physicians and hospitals within the network and files claims for their services. The member may also have the option to self-refer to an out-of-network provider but at a higher cost.