

8-1-1987

The 1986 Health Care Cost Containment Survey of Local Public Employers in California

Public Employment Relations Board

Follow this and additional works at: http://digitalcommons.law.ggu.edu/caldocs_agencies



Part of the [Other Law Commons](#)

Recommended Citation

Public Employment Relations Board, "The 1986 Health Care Cost Containment Survey of Local Public Employers in California" (1987). *California Agencies*. Paper 363.
http://digitalcommons.law.ggu.edu/caldocs_agencies/363

This Article is brought to you for free and open access by the California Documents at GGU Law Digital Commons. It has been accepted for inclusion in California Agencies by an authorized administrator of GGU Law Digital Commons. For more information, please contact jfischer@ggu.edu.

RESEARCH AND COMMUNICATIONS SERIES

The 1985 Health Care Cost Containment Survey of Local Public Employers in California Retiree Report

STATE OF CALIFORNIA
GEORGE DEUKMEJIAN, GOVERNOR

KFC
770.A8
H43

PUBLIC EMPLOYMENT RELATIONS BOARD

PUBLIC EMPLOYMENT RELATIONS BOARD

Headquarters Office

1031 18th Street

Sacramento, CA 95814-4174

(916) 322-3088



LAW LIBRARY
GOLDEN GATE UNIVERSITY

June 1, 1986

Dear Public Employer/Employee Organization:

The Legislature and Governor, through Senate Bill 922 of the 1983 legislative session, directed the Public Employment Relations Board

to collect, analyze, and compare data on health benefits and cost containment in the public and private sectors, and to make recommendations concerning public employees. The recommendations may take into consideration health benefit cost containment issues in public and private employment . . .

"The 1985 Health Care Cost Containment Survey of Public Employers in California" is the second annual survey conducted by the Public Employment Relations Board.

This survey provides an overview of employer expenditures for active and retired public employees and offers a description of health care cost containment activities between 1984 and 1985. In addition, the survey permits various comparisons of costs by employers for active employees and cost containment activities between 1984 and 1985. The purpose of these comparisons is to assess the extent of the change among public sector employers as it relates to the expenditure and management of funds for health benefits provided for public employees.

The third and final health care cost containment survey will be conducted in 1986 for the primary purpose of evaluating the effectiveness of various cost containment activities in reducing expenditures for employee benefits.

While it is not the Board's intent to promote any particular cost containment activity or strategy, we do believe that it is important to provide as much information as possible on cost containment activities undertaken by public employers and employee organizations.

LAW LIBRARY
GOLDEN GATE UNIVERSITY

LAW LIBRARY
GOLDEN GATE UNIVERSITY

86-11-386
Public Employer/Employee Organization

June 1, 1986

Page 2

The Board's objective in this research and communication effort is to assist employers and employee organizations in dealing with potentially conflicting issues before they reach the bargaining table. It is a role that is educational and preventive in nature and one we hope will be of assistance to the public employer and employee organization decision-makers and those responsible for proposing and implementing organizational policy.

Sincerely,

Public Employment Relations Board

Acknowledgement

This study was developed and directed by Gordon Rude, M.S., M.P.H., Health Care Consultant, and Karon Hart, Special Consultant, under the auspices of the Public Employment Relations Board--Research and Communications Unit.

The Board wishes to thank Steve Kushida, Jennifer Elwood, Amy Louis, and Jack Metcalf, who were interns with the Board in 1985. Each made significant contributions towards the organization and analysis of the data.

The Board also wishes to thank Dr. Paul O'Rourke, Integrated Health Management Associates, who was the principal investigator for the private sector survey and collaborated on this survey analysis.

The Board also wishes to make a special acknowledgement to Rita Lugo for her leadership and creativity in developing data programs that were necessary for this analysis to occur.

Inquiries regarding this report should be directed to the Public Employment Relations Board, 1031 18th Street, Room 200, Sacramento, California, 95814. Phone (916) 322-3088.

Board Members

Deborah Hesse, Chairperson
Stephen Porter
Marty Morgenstern
Nancy Burt
Bill Craib

TABLE OF CONTENTS

SUMMARY OF CONCLUSIONS	1
DEVELOPMENT AND IMPLEMENTATION OF THE SURVEY	4
RESPONSE TO THE SURVEY	4
Number and Percent of Employers Covered in the 1985 Survey By Type of Employer	4
EMPLOYER CHARACTERISTICS	5
Number and Percent of Employers That Claim No Retirees or Claim Retirees But Do Not Contribute to Retirees By Type of Employer	5
Number and Percent of Employers That Claim No Retirees or Claim Retirees But Do Not Contribute to Retirees By Size of Employer	5
Number and Percent of Employers That Contribute to Retirees By Type of Employer	6
Number and Percent of Employers That Contribute to Retirees By Size of Employer	7
Number and Percent of Employers That Contribute to Some or All of Their Retirees By Type of Employer	7
Number and Percent of Employers That Contribute to Some or All of Their Retirees By Size of Employer	8
RETIREE CHARACTERISTICS	9
Distribution of the Number of Retirees Per Employer, By Type of the Employer	9
Distribution of the Number of Retirees Per Employer, By Size of the Employer	9

TABLE OF CONTENTS

Continued

Distribution of the Number of Retirees Receiving and Not Receiving an Employer Contribution By Type of Employer	9
Distribution of the Number of Retirees Receiving and Not Receiving an Employer Contribution By Type of Employer	10
COSTS FOR RETIRED PUBLIC EMPLOYEES	11
EMPLOYER CONTRIBUTION TO HEALTH PLANS	12
Average Annual Cost of Employer Contribution Per Retiree By Type of Employer	12
Average Annual Cost of Employer Contribution Per Retiree By Size of Employer	12
DISTRIBUTION AND COSTS OF RETIREES OVER AND UNDER AGE 65	14
Number and Percent of Retirees Over and Under Age 65 By Type of Employer	14
Number and Percent of Retirees Over and Under Age 65 By Size of Employer	14
Average Annual Cost of Retirees Over and Under Age 65 By Type of Employer	15
Average Annual Cost of Retirees Over and Under Age 65 By Size of Employer	15
APPENDIX 1 - Public Sector Health Care Cost Containment Data Base Survey 1984/1985	17

SUMMARY OF CONCLUSIONS

RESPONSE TO THE SURVEY

- There were approximately 3,479 local public employers in California in 1985.
- The survey represents approximately 22% or 773 local public employers in California.
- The follow-up and editing procedures give us accurate, reliable and consistent survey information.
- The size and distribution of the response to the survey permits us to generalize about all public employers and employees in California.

EMPLOYER CHARACTERISTICS

- Of the 773 local public employers responding, 611 or 79% of the employers claimed retirees.
- Of the 162 employers that did not claim retirees, 136 or 84% employed between 1-100 employees.
- A total of 208 or 27% of local public employers claimed retirees but did not contribute towards the cost of health care for any of their retirees. Of those 208 employers, 131 or 63% employed between 1-100 employees.
- Of the 611 employers that responded to the survey claiming retirees, 403 or 66% contributed to retirees for health care.
- More school district employers contributed to retirees than any other type of employer. Out of 384 school district employers claiming retirees, 284 or 74% contributed to retirees for health care.
- Of the 143 city employers claiming retirees, only 68 or approximately 48% contributed to retirees, making city employers the type of employer responding to the survey that contributed least often to retirees.
- Employers that employed between 1-100 employees were least likely to contribute to retirees for health care. Out of the 265 employers claiming retirees that employ between 1-100 employees, 134 or approximately 51% contributed to retirees.
- Of the 403 employers that contributed to retirees for health care, 193 or approximately 48% contributed to all their retirees. 210 or approximately 52% contributed to only some of their retirees.

- Special district employers contributed most frequently to all their retirees. Out of the 33 special district employers that contributed to retirees, 29 or approximately 88% contributed to all their retirees.
- County employers contributed the least frequently to all their retirees. Out of the 18 county employers that contributed to retirees, 7 or approximately 39% contributed to all their retirees.

RETIREE CHARACTERISTICS

- Of the 100,176 retirees covered by the survey, 37,431 retirees, or approximately 37%, did not receive an employer contribution. 62,745 retirees, or approximately 63%, of those retirees covered by the survey were receiving an employer contribution for health care.
- School district employers made health care contributions to significantly more of their retirees (approximately 83%) than any other type of employer.
- Employers that employed over 10,001 employees made health care contributions to significantly more of their retirees (approximately 76%) than any other size of employer.

COSTS FOR RETIRED PUBLIC EMPLOYEES

- Local public employers that contributed to their retirees spent an average of \$1,242 per retiree per year in 1985.
- County employers spent the least per retiree per year for health care benefits followed by cities, school districts, and special districts, respectively.
- There was a difference of \$758 per retiree per year in the employer contribution between the lowest (counties) and highest (special districts) employer.
- Employers who employed between 1,001-10,000 employees paid the least per retiree per year (\$1,067) for health benefits while employers who employed 201-500 employees paid the most per retiree per year (\$1,689).
- There was an average difference in the employer contribution of \$622 per retiree per year between the 1,001-10,000 size employer and the 201-500 size employer.

DISTRIBUTION AND COSTS OF RETIREES OVER AND UNDER AGE 65

- Of the 23,659 retirees that were receiving an employer contribution and were able to be divided into over and under 65, 16,973 or approximately 72% were under age 65 and 6,686 or approximately 28% were over age 65.

- Local public employers spent an average of \$1,338 per retiree per year for retirees under age 65 and \$772 per retiree per year for retirees over age 65. There was an average difference of \$566 per retiree per year between retirees under age 65 and retirees over age 65.
- For retirees under age 65, county employers spent the least per retiree per year for health care benefits followed by cities, special districts, and school districts, respectively.
- For retirees under age 65, there was a difference of \$875 per retiree per year in the employer contribution between the lowest (counties) and highest (school districts) employer.
- For retirees over age 65, county employers spent the least per retiree per year for health care benefits followed by school districts, cities, and special districts, respectively.
- For retirees over age 65, there was a difference of \$934 per retiree per year in the employer contribution between the lowest (counties) and highest (special districts) employer.
- For retirees under age 65, employers who employed over 10,000 employees paid the least per retiree per year for health care benefits while employers who employed 201-500 employees paid the most per retiree per year.
- For retirees under age 65, there was an average difference in the employer contribution of \$974 per retiree per year between the 10,000+ size employer and the 201-500 size employer.
- For retirees over age 65, employers who employed between 1,001-10,000 employees paid the least per retiree per year for health care benefits while employers who employed 501-1,000 employees paid the most per retiree per year.
- For retirees over age 65, there was an average difference in the employer contribution of \$793 per retiree per year between the 1,001-10,000 size employer and the 501-1,000 size employer.

DEVELOPMENT AND IMPLEMENTATION OF THE SURVEY

Following the passage of SB 922 in 1983 an Advisory Committee on Health Care Cost Containment was developed to assist the Board in structuring the surveys which would be used to provide data on health care costs for public employers in California. The 1985 survey was developed by the health care consultants, reviewed by the Advisory Committee, re-drafted and pretested with a number of public agencies.

The final survey¹ was mailed to local agencies including cities, counties, school districts and special districts in May of 1985.

Survey results began to be received in June of 1985 and were edited and encoded to PERB's IBM System 34 by staff and Sacramento and Chico State University interns assigned to the project. Where there were questions about the survey or if the survey was not complete, survey respondents were called and the survey was completed by phone. Since there was such a wide range of possible responses in selected items of the survey, certain procedural assumptions were interpreted by staff and applied to all responses.

This report will analyze only the portion of the survey which dealt with retirees. A separate report covering the active employee portion of the survey was developed and is available through PERB.

RESPONSE TO THE SURVEY

The survey was sent to 1,867 local agencies of which 773 of the agencies responded or 41.4% of those surveyed. The 41.4% of public agencies responding employ 40.5% of the active local publicly employed population in California. Of the 773 employers responding, 611 claimed retirees. Those employers represented 100,176 retirees. This response constitutes our 1985 data base.

Number and Percent of Employers
Covered in the 1985 Survey
By Type of Employer

	A.	B.	C.	C. / A. Percent	C. / B.
	Number of Public Employers In California	Number Of Public Employers Surveyed	Number of Public Employers Responding To Survey	Of All Public Employers Responding To Survey	Percent Of Employers Surveyed Responding To Survey
<u>Type of Employer</u>					
City	436	436	197	45.2%	45.2%
County	58	58	30	51.7%	51.7%
School Districts	1,173	1,173	461	39.3%	39.3%
Special Districts	<u>1,812</u>	<u>200</u>	<u>85</u>	<u>4.7%</u>	<u>42.5%</u>
OVERALL	3,479	1,867	773	22.2%	41.4%

¹See Appendix 1 for survey format.

EMPLOYER CHARACTERISTICS

Number and Percent of Employers
That Claim No Retirees or Claim
Retirees But Do Not Contribute
To Retirees By Type of Employer

<u>Type of Employer</u>	A. Number of Employers Responding to Survey	B. Number of Employers That Do Not Claim Retirees	B. / A. Percent of Employers That Do Not Claim Retirees	C. Number of Employers That Claim Retirees But Do Not Contribute To Any Retirees	C. / A. Percent of Employers That Claim Retirees But Do Not Contribute To Any Retirees
City	197	54	27.4%	75	38.1%
County	30	3	10.0%	9	30.0%
School Districts	461	77	16.7%	100	21.7%
Special Districts	85	28	32.9%	24	28.2%
OVERALL	773	162	21.0%	208	26.9%

Number and Percent of Employers
That Claim No Retirees or Claim
Retirees But Do Not Contribute
To Retirees By Size of Employer

<u>Size of Employer</u>	A. Number of Employers Responding to Survey	B. Number of Employers That Do Not Claim Retirees	B. / A. Percent of Employers That Do Not Claim Retirees	C. Number of Employers That Claim Retirees But Do Not Contribute To Any Retirees	C. / A. Percent of Employers That Claim Retirees But Do Not Contribute To Any Retirees
1-100	401	136	33.9%	131	32.7%
101-200	107	15	14.0%	26	24.3%
201-500	119	6	5.0%	21	17.6%
501-1,000	78	3	3.8%	14	17.9%
1,001-10,000	63	1	1.6%	15	23.8%
10,001 +	5	1	20.0%	1	20.0%

Conclusions

- There were approximately 3,479 local public employers in California in 1985.
- The survey represents approximately 22% or 773 local public employers in California.
- The follow-up and editing procedures give us accurate, reliable and consistent survey information.
- The size and distribution of the response to the survey permits us to generalize about all public employers and employees in California.
- Of the 773 local public employers responding, 611 or 79% of the employers claimed retirees.
- Of the 162 employers that did not claim retirees, 136 or 84% employed between 1-100 employees.
- A total of 208 or 27% of local public employers claimed retirees but did not contribute towards the cost of health care for any of their retirees. Of those 208 employers, 131 or 63% employed between 1-100 employees.

Number and Percent of Employers
That Contribute to Retirees
By Type of Employer

<u>Type of Employer</u>	A.	B.	B. / A.
	Total Number of Employers Claiming Retirees	Total Number of Employers Contributing To Retirees	Percent of Employers Contributing To Retirees
City	143	68	47.6%
County	27	18	66.7%
School Districts	384	284	74.0%
Special Districts	<u>57</u>	<u>33</u>	<u>57.9%</u>
OVERALL	611	403	66.0%

Number and Percent of Employers
That Contribute to Retirees
By Size of Employer

<u>Size of Employer</u>	A. Total Number of Employers With Retirees	B. Total Number of Employers Contributing To Retirees	B. / A. Percent of Employers Contributing To Retirees
1-100	265	134	50.6%
101-200	92	66	71.7%
201-500	113	92	81.4%
501-1,000	75	61	81.3%
1,001-10,000	62	47	75.8%
10,001 +	4	3	75.0%

Number and Percent of Employers
That Contribute to Some or All of Their
Retirees By Type of Employer

<u>Type of Employer</u>	A. Total Number of Employers Contributing To Retirees	B. Number of Employers Contributing To All Their Retirees	B. / A. Percent of Employers Contributing To All Their Retirees	C. Number of Employers Contributing To Only a Portion of Their Retirees	C. / A. Percent of Employers Contributing To Only a Portion of Their Retirees
City	68	40	58.8%	28	41.2%
County	18	7	38.9%	11	61.1%
School Districts	284	117	41.2%	167	58.8%
Special Districts	<u>33</u>	<u>29</u>	<u>87.9%</u>	<u>4</u>	<u>12.1%</u>
OVERALL	403	193	47.9%	210	52.1%

Number and Percent of Employers
That Contribute to Some or All of Their
Retirees By Size of Employer

	A.	B.	B. / A.	C.	C. / A.
	Total	Number of	Percent of	Number of	Percent of
	Number of	Employers	Employers	Employers	Employers
	Contributing	Contributing	Contributing	Contributing	Contributing
	To Retirees	To All Their	To All Their	To Only	To Only
Size of Employer	<u>To Retirees</u>	<u>Retirees</u>	<u>Retirees</u>	<u>a Portion</u>	<u>a Portion</u>
				<u>of Their</u>	<u>of Their</u>
				<u>Retirees</u>	<u>Retirees</u>
1-100	134	93	69.4%	41	30.6%
101-200	66	24	36.4%	42	63.6%
201-500	92	37	40.2%	55	59.8%
501-1,000	61	23	37.7%	38	62.3%
1,001-10,000	47	16	34.0%	31	66.0%
10,001 +	3	0	0	3	100.0%

Conclusions:

- Of the 611 employers that responded to the survey that claimed retirees, 403 or 66% contributed to retirees for health care.
- More school district employers contributed to retirees than any other type of employer. Out of 384 school district employers claiming retirees, 284 or 74% contributed to retirees for health care.
- Of the 143 city employers claiming retirees, only 68 or approximately 48% contributed to retirees making city employers the type that contributed least often to retirees.
- Employers that employed between 1-100 employees were least likely to contribute to retirees for health care. Out of the 265 employers claiming retirees that employ between 1-100 employees, 134 or approximately 51% contributed to retirees.
- Of the 403 employers that contributed towards retirees for health care, 193 or approximately 48% contributed to all their retirees. 210 or approximately 52% contributed to only some of their retirees.
- Special district employers contributed most frequently to all their retirees. Out of the 33 special district employers that contributed to retirees, 29 or approximately 88% contributed to all their retirees.
- County employers contributed the least frequently to all their retirees. Out of the 18 county employers that contributed to retirees, 7 or approximately 39% contributed to all their retirees.

RETIREE CHARACTERISTICS

Distribution of the Number of Retirees Per Employer By Type of Employer

<u>Type of Employer</u>	<u>Number of Total Number of Employers</u>	<u>Total Number of Employers Claiming Retirees</u>	<u>Total Number of Retirees Covered By Survey</u>
City	197	143	23,980
County	30	27	33,331
School Districts	461	384	41,509
Special Districts	<u>85</u>	<u>57</u>	<u>1,356</u>
OVERALL	773	611	100,176

Distribution of the Number of Retirees Per Employer By Size of Employer

<u>Size of Employer</u>	<u>Total Number of Employers</u>	<u>Total Number of Employers Claiming Retirees</u>	<u>Total Number of Retirees</u>	<u>Average Number of Retirees Per Employer</u>
1-100	401	265	1,648	6
101-200	107	92	1,876	20
201-500	119	113	4,943	44
501-1,000	78	75	7,959	106
1,001-10,000	63	62	47,016	758
10,001 +	5	4	36,734	9,184

Distribution of the Number of Retirees Receiving and Not Receiving An Employer Contribution By Type of Employer

<u>Type of Employer</u>	<u>Total Number of Retirees Covered By Survey</u>	<u>Number of Retirees Not Receiving An Employer Contribution</u>	<u>Percent of Retirees Not Receiving An Employer Contribution</u>	<u>Number of Retirees Receiving An Employer Contribution</u>	<u>Percent Of Retirees Receiving An Employer Contribution</u>
City	23,980	12,632	52.7%	11,348	47.3%
County	33,331	16,836	50.5%	16,495	49.5%
School Districts	41,509	7,218	17.4%	34,291	82.6%
Special Districts	<u>1,356</u>	<u>745</u>	<u>54.9%</u>	<u>611</u>	<u>45.1%</u>
OVERALL	100,176	37,431	37.4%	62,745	62.6%

Distribution of the Number of Retirees
Receiving and Not Receiving An Employer Contribution
By Size of Employer

<u>Size of Employer</u>	<u>Total Number of Retirees Covered By Survey</u>	<u>Number of Retirees Not Receiving An Employer Contribution</u>	<u>Percent of Retirees Not Receiving An Employer Contribution</u>	<u>Number of Retirees Receiving An Employer Contribution</u>	<u>Percent Of Retirees Receiving An Employer Contribution</u>
1-100	1,648	785	47.6%	863	52.4%
101-200	1,876	902	48.1%	974	51.9%
201-500	4,943	2,184	44.2%	2,759	55.8%
501-1,000	7,959	3,711	46.6%	4,248	53.4%
1,001-10,000	47,016	21,012	44.7%	26,004	55.3%
10,001 +	36,734	8,837	24.1%	27,897	75.9%

Conclusions:

- Of the 100,176 retirees covered by the survey, 37,431 retirees, or approximately 37%, did not receive an employer contribution. 62,745 retirees, or approximately 63%, of those retirees covered by the survey were receiving an employer contribution for health care.
- School district employers contributed to significantly more of their retirees (approximately 83%) than any other type of employer.
- Employers that employed over 10,001 employees contributed to significantly more of their retirees (approximately 76%) than any other size of employer.

COSTS FOR RETIRED PUBLIC EMPLOYEES

There are various ways in which a retired public employee's total health care costs can be composed. Employer contributions, retiree contributions to a health plan, Medicare coverage, retiree payments for actual out-of-pocket expenses like deductibles, copayments and coinsurance, along with expenditures for health benefits not covered in the health service plan can all be used to comprise a retiree's total health care cost.

For example, employers do not always contribute towards health care for retirees and those employers who do, do so to widely varying degrees. Also, it is not always possible for a retiree to remain in the employer health plan after retiring even if they are willing to pay the full premium. In these instances, a retiree's total cost for health care would have to be made up almost entirely from out-of-pocket expenses and the cost of Medicare.

This survey was not designed to determine the total amount expended for retired public employees' health care in California. To do so would require a level of research far beyond the Board's capacity since it would have to include actual expenditures made by retirees for Medicare, deductibles, copayments, coinsurance and benefits not covered in health plans.

What the survey does provide is an accurate assessment of the employer's contribution to health premiums as well as the extent to which retirees are receiving employer contributions. This survey was confined to medical/hospital benefits and did not address dental, vision and workmen's compensation benefits.

EMPLOYER CONTRIBUTION TO HEALTH PLANS

The average cost per retiree for public employers contributing to retirees was \$1,242 per year. There was a variation in average cost by type and size of the employer.

Average Annual Cost of Employer Contribution* Per Retiree By Type of Employer

<u>Type of Employer</u>	<u>Average Annual Cost of Employer Per Retiree</u>	<u>Median Annual Cost of Employer Per Retiree</u>
City	1,151	1,447
County	810	1,040
School Districts	1,474	1,811
Special Districts	<u>1,568</u>	<u>1,578</u>
OVERALL	\$1,242	\$1,681

Average Annual Cost of Employer Contribution* Per Retiree By Size of Employer

<u>Size of Employer</u>	<u>Average Annual Cost of Employer Per Retiree</u>	<u>Median Annual Cost of Employer Per Retiree</u>
1-100	1,599	1,639
101-200	1,610	1,583
201-500	1,689	1,836
501-1,000	1,580	1,773
1,001-10,000	1,067	1,548
10,001 +	1,285	1,359

*Average Annual cost based on those employers that contribute to retirees, not the total number surveyed.

Conclusions:

- Local public employers that contributed to their retirees spent an average of \$1,242 per retiree per year in 1985.
- County employers spent the least per retiree per year for health care benefits followed by cities, school districts, and special districts, respectively.

- There was a difference of \$758 per retiree per year in the employer contribution between the lowest (counties) and highest (special districts) employer.
- Employers who employed between 1,001-10,000 employees paid the least per retiree per year (\$1,067) for health benefits while employers who employed 201-500 employees paid the most per retiree per year (\$1,689).
- There was an average difference in the employer contribution of \$622 per retiree per year between the 1,001-10,000 size employer and the 201-500 size employer.

DISTRIBUTION AND COSTS OF RETIREES
OVER AND UNDER AGE 65

Of those retirees who received an employer contribution in 1985, 71.7% were under age 65 and received an average annual employer contribution of \$1,338 per retiree per year. 28.3% of the retirees receiving an employer contribution were over age 65 and received an average annual employer contribution of \$772 per retiree per year.

Number and Percent of Retirees
Over and Under Age 65
By Type of Employer

<u>Type of Employer</u>	<u>Number of Retirees*</u>	<u>Number of Retirees Under 65</u>	<u>Percent of Retirees Under 65</u>	<u>Number of Retirees Over 65</u>	<u>Percent of Retirees Over 65</u>
City	7,988	7,456	93.3%	532	6.7%
County	6,290	2,614	41.6%	3,676	58.4%
School Districts	9,164	6,761	73.8%	2,403	26.2%
Special Districts	217	142	65.4%	75	34.6%
OVERALL	23,659	16,973	71.7%	6,686	28.3%

Number and Percent of Retirees
Over and Under Age 65
By Size of Employer

<u>Size of Employer</u>	<u>Number of Retirees*</u>	<u>Number of Retirees Under 65</u>	<u>Percent of Retirees Under 65</u>	<u>Number of Retirees Over 65</u>	<u>Percent of Retirees Over 65</u>
1-100	679	438	64.5%	241	35.5%
101-200	627	465	74.2%	162	25.8%
201-500	1,802	1,271	70.5%	531	29.5%
501-1,000	2,878	2,525	87.7%	353	12.3%
1,001-10,000	10,971	5,639	51.4%	5,332	48.6%
10,001 +	6,702	6,635	99.0%	67	1.0%

*Total number of retirees is different from previous total number of retirees because only those retirees that could be divided into over and under 65 were used for this portion of the analysis. Not all employers were able to separate their retirees into over and under 65.

Average Annual Cost of Retirees
Over and Under Age 65
By Type of Employer

<u>Type of Employer</u>	Average Annual Cost of Employer Per Retiree <u>Under 65</u>	Median Annual Cost of Employer Per Retiree <u>Under 65</u>	Average Annual Cost of Employer Per Retiree <u>Over 65</u>	Median Annual Cost of Employer Per Retiree <u>Over 65</u>
City	1,081	1,405	1,239	1,422
County	909	1,216	520	505
School District	1,784	1,893	1,033	1,300
Special District	<u>1,513</u>	<u>1,495</u>	<u>1,454</u>	<u>1,495</u>
OVERALL	1,338	1,800	772	1,473

Average Annual Cost of Retirees
Over and Under Age 65
By Size of Employer

<u>Size of Employer</u>	Average Annual Cost of Employer Per Retiree <u>Under 65</u>	Average Annual Cost of Employer Per Retiree <u>Under 65</u>	Average Annual Cost of Employer Per Retiree <u>Over 65</u>	Average Annual Cost of Employer Per Retiree <u>Over 65</u>
1-100	1,682	1,740	1,264	1,436
101-200	1,810	1,828	1,350	1,239
201-500	2,017	1,940	1,286	1,579
501-1,000	1,662	1,848	1,419	1,030
1,001-10,000	1,321	1,508	626	836
10,001 +	1,043	--	--	--

Conclusions:

- Of the 23,659 retirees who were receiving an employer contribution and were able to be divided into over and under 65, 16,973 or approximately 72% were under age 65, and 6,686 or approximately 28% were over age 65.
- Local public employers spent an average of \$1,338 per retiree under age 65 and \$772 per retiree per year for retirees over age 65. There was an average difference of \$566 per retiree per year between retirees under age 65 and retirees over age 65.

- For retirees under age 65, county employers spent the least per retiree per year for health care benefits followed by cities, special districts, and school districts, respectively.
- For retirees under age 65, there was a difference of \$875 per retiree per year in the employer contribution between the lowest (counties) and highest (school districts) employer.
- For retirees over age 65, county employers spent the least per retiree per year for health care benefits followed by school districts, cities, and special districts, respectively.
- For retirees over age 65, there was a difference of \$934 per retiree per year in the employer contribution between the lowest (counties) and highest (special districts) employer.
- For retirees under age 65, employers who employed over 10,000 employees paid the least per retiree per year for health care benefits while employers who employed 201-500 employees paid the most per retiree per year.
- For retirees under age 65, there was an average difference in the employer contribution of \$974 per retiree per year between the 10,000+ size employer and the 201-500 size employer.
- For retirees over age 65, employers who employed between 1,001-10,000 employees paid the least per retiree per year for health care benefits while employers who employed 501-1,000 employees paid the most per retiree per year.
- For retirees over age 65, there was an average difference in the employer contribution of \$793 per retiree per year between the 1,001-10,000 size employer and the 501-1,000 size employer.

APPENDIX 1

Public Sector Health Care Cost Containment Data Base Survey 1984/1985

General Instructions

THIS SURVEY IS FOR THE PERIOD BEGINNING MAY 1, 1984 AND ENDING APRIL 30, 1985.

Please do not leave any blank spaces.

If the question does not apply to your organization, enter DNA (does not apply).

If a question is one in which you have no information and you are unable to obtain information enter IU (information unavailable).

If you cannot answer a question because of reasons other than DNA or IU enter DK (don't know).

1. Employer Name _____
2. Employer Address _____
City _____ County _____ Zip _____
3. Name of person responsible for
health benefits program _____
4. Title _____
5. Phone _____
6. Date _____
7. Name of person completing survey _____ Phone _____
Title _____

8. Average number of full-time employees who received health care benefits between May 1, 1984 and April 30, 1985.

1984/1985 _____

Full-time employees includes all full-time employees who receive health benefits from the employer but does not include retirees or part-time employees.

9. Average number of part-time employees who received health care benefits between May 1, 1984 and April 30, 1985.

1984/1985 _____

Number of part-time employees does not include employees who are full-time or retirees.

10. Total amount expended for health benefits for active employees and their dependents by the employer between May 1, 1984 and April 30, 1985.

1984/1985 \$ _____

This means total amount expended by the employer for health benefits, including contributions to premiums or total claims paid by self-insured organizations. It does not include dental or vision care or expenditures for retirees.

11. a. Average number of retirees eligible to receive health benefits between May 1, 1984 and April 30, 1985.

1984/85 _____

Under 65 _____

Over 65 _____

Total _____

"Eligible retirees" mean retirees that may receive health benefits through employer health plans regardless of who pays for the benefits. If you cannot separate under 65 and over 65, enter total number of retirees.

- b. Average total number of retirees regardless of eligibility between May 1, 1984 and April 30, 1985.

1984/85 _____

12. Total amount expended for health benefits for retirees and their dependents by the employer between May 1, 1984 and April 30, 1985.

1984/85 \$ _____

	<u>Amount Expended</u>	<u>Number of Retirees Receiving Employer Contribution to Health Benefits</u>
Under 65	\$ _____	_____
Over 65	\$ _____	_____
Total	\$ _____	_____

This question means the total amount expended by the employer for retiree health benefits and does not include vision or dental care or expenditures for full- or part-time employees. (Expenditures are defined as contributions to premiums or total claims paid by self insured organizations made by the employer.

If the employer does not contribute to retiree health benefits enter zero.

If the employer contributes to only some retirees health benefits enter the number of retirees receiving an employer contribution to health benefits and the amount expended.

HEALTH PLAN INFORMATION

13. PERS Health Plan _____ yes _____ no

If your health benefits are administered through the Public Employees Retirement System (PERS) please indicate and do not answer questions 14 through 17.

14. Do you use outside cost containment consultants? _____ yes _____ no

If you use outside consultants to assist you in developing your cost containment efforts please indicate and complete the following.

Name of Company _____ Contact Person _____

Street _____, City _____

County _____, Zip _____

15. A joint powers agreement is an arrangement between local government authorities who join together to perform a common function such as the purchasing of health benefits coverage. Joint powers authorities may also be self-insured and/or self-administered.

If your health benefits are administered through a JPA please indicate and complete the following. (Exclude vision and dental.)

Joint Powers Agreement (JPA) _____ yes _____ no

Name of JPA _____

Street _____, City _____

County _____, Zip _____

16. A health benefits trust fund is a formal agreement entered into by the employer and employee organization for the purpose of administering health care benefits for employees. A health benefits trust fund usually has representation from both the employer and the employee organization on the governing body although the fund may be administered by an employer, employee organization or the third party. The governing body determines how benefits are to be provided and by whom.

If you have employees who receive health benefits through a Health Benefits Trust, please indicate and complete the following.

Health Benefits Trust _____ yes _____ no

If yes, indicate the number of trusts in which your employees participate

_____ Number

Average number of employees and retirees covered in Health Benefits Trust between May 1, 1984 and April 30, 1985.

_____ All _____ Actual Number \$ _____ total employer contribution to trust(s) between May 1, 1984 and April 30, 1985.

Name of Trust _____

Street _____, City _____

County _____, Zip _____

If your employees are enrolled in more than one trust, name the trust that has the greatest number of employees enrolled.

17. Self insured means that you have assumed the risk of paying health benefits and retain control of premium dollars. If you are self insured, please indicate and complete the following:

Self Insured ☐ yes ☐ no

Average number of employees and retirees covered in Self Insurance Plan between May 1, 1984 and April 30, 1985.

All Actual Number \$ total employer contribution to self-insured plan between May 1, 1984 and April 30, 1985.

- a. Stop loss insurance means that you have purchased insurance from an insurance company that will pay for claims per patient, per family or per total plan that are above a predetermined level. If you have stop loss insurance, please indicate and complete the following

Stop loss insurance ☐ yes ☐ no

Aggregate stop loss level \$

Specific stop loss level \$ per

Cost of stop loss insurance \$

- b. Self-administered means that you retain control over the administration of your health benefits program through one of the following arrangements. Please indicate which arrangement is most appropriate to you.

Self-administered ☐ yes ☐ no

- 1) Direct self-administration means that you pay claims to providers directly from your health benefits fund for health services provided to your employees, dependents or retirees in your health benefits plan.

Direct self-administration ☐ yes ☐ no

Administrative cost for function \$

- 2) An Administrative Services Only (ASO) contract with an insurer is a contract in which the insurer pays claims to health care providers for health services received by employees, dependents or retirees in your health benefit plan. The insurer may also perform actuarial and other functions. If you have an Administrative Services Only (ASO) contract please indicate and complete the following:

Administrative Services Only (ASO) contract with an insurer

_____ yes _____ no

Name of insurer _____

Street _____, City _____

County _____, Zip _____

Charge for service \$ _____

- 3) A third party administrator is an organization that pays claims to health care providers for health services received by employees, dependents or retirees in your health benefit plan. In this definition a third party administrator is not an insurance company performing the claims processing function. If you have a third party administrator, please indicate and complete the following:

Third party administrator _____ yes _____ no

Name of third party administrator _____

Street _____, City _____

County _____, Zip _____

Third party administrator charge for service \$ _____

- 4) If you are self insured and do not directly administer or use a third party administrator or insurer to pay provider claims, please indicate and explain your arrangement for paying provider claims.

Other administrative arrangement _____ yes _____ no

18. A health plan option refers to any arrangement through which employees, dependents or retirees receive health care benefits.

- a. If you offer more than four health plan options, please indicate.

_____ yes _____ no

- b. Name all health plans available to employees (example: Blue Cross Prudent Buyer Plan, Kaiser Health Plan). If there are more than four plans available, list the four plans in which most employees are enrolled.

Plan #1

Plan #2

Plan #3

Plan #4

19. Type of health plan. Please indicate the type of plan by inserting the appropriate initials.

Plan #1

Plan #2

Plan #3

Plan #4

HMO - health maintenance organization

I - An indemnity insurance plan is a plan in which the insurer assumes the risk of paying health benefits for employees, dependents and retirees. The employer pays the insurer a premium for this function and the insurer pays providers on a fee-for-service basis.

SI/I - For the purposes of this question a self insured indemnity plan is a plan in which your company assumes the risk of paying for employee health benefits. In such a SI/I plan, payment for health services to providers is on a fee-for-service basis regardless of how the plan is administered. A SI/I plan is not a PPO in which contractual arrangements have been made with providers at discounted rates.

BC or BS - Blue Cross and Blue Shield are health service plans that assume the risk of paying for health benefits for employees, dependents and retirees. Both Blue Cross and Blue Shield also offer administrative services only (ASO) to self-insured companies. For the purpose of this question use the BC or BS designation only if they assume the risk of paying for health benefits. Do not use BC or BS designations if they only administer your plan.

PPO - For the purposes of this question, a preferred provider organization is an arrangement in which a group of providers have entered into a contractual agreement to provide services at a discounted rate. For the purposes of this survey any health plan option that includes contracted providers regardless of sponsorship or incentives or requirements for employees to use contracted providers is defined as a preferred provider organization plan option.

T - Health Benefits Trust - see question 16 for definition.

20. What was the average number of active employees enrolled in each plan between May 1, 1984 and April 30, 1985?

Plan #1	Plan #2	Plan #3	Plan #4
---------	---------	---------	---------

_____	_____	_____	_____
-------	-------	-------	-------

Indicate how many full or part-time active employees were enrolled in each plan (do not include retirees) between May 1, 1984 and April 30, 1985.

21. What was the total amount the employer contributed to each plan for full or part-time active employees between May 1, 1984 and April 30, 1985?

Plan #1	Plan #2	Plan #3	Plan #4
---------	---------	---------	---------

\$ _____	\$ _____	\$ _____	\$ _____
----------	----------	----------	----------

22. What was the average number of retired employees enrolled in each plan that received some contribution from the employer toward the plan between May 1, 1984 and April 30, 1985?

	Plan #1	Plan #2	Plan #3	Plan #4
--	---------	---------	---------	---------

Under 65	_____	_____	_____	_____
----------	-------	-------	-------	-------

Over 65	_____	_____	_____	_____
---------	-------	-------	-------	-------

Total	_____	_____	_____	_____
-------	-------	-------	-------	-------

Count only retirees that receive some (other than zero) contribution toward the plan from the employer. DO NOT count retirees that participate in the plan but are paid completely from another source, i.e., themselves, Medicare, etc.

23. What was the average number of retired employees that participated in each plan but received no contribution to the plan from the employer between May 1, 1984 and April 30, 1985?

	Plan #1	Plan #2	Plan #3	Plan #4
--	---------	---------	---------	---------

Under 65	_____	_____	_____	_____
----------	-------	-------	-------	-------

Over 65	_____	_____	_____	_____
---------	-------	-------	-------	-------

Total	_____	_____	_____	_____
-------	-------	-------	-------	-------

24. Does the plan require the retiree to purchase Medicare B?

Plan #1	Plan #2	Plan #3	Plan #4
yes ___ no ___	yes ___ no ___	yes ___ no ___	yes ___ no ___

25. Does the plan require the retiree to enroll in Medicare A or purchase Medicare A if not eligible for coverage through social security?

Plan #1	Plan #2	Plan #3	Plan #4
yes ___ no ___	yes ___ no ___	yes ___ no ___	yes ___ no ___

26. What was the total amount the employer contributed to each plan for retired employees between May 1, 1984 and April 30, 1985?

Plan #1	Plan #2	Plan #3	Plan #4
\$ _____	\$ _____	\$ _____	\$ _____

Unless you offer more than four health plan options the sum total of all plans in questions 21 and 26 should equal the sum of the amounts in questions 10 & 12. If they are not equal, please explain why.

27. a) Co-insurance - Check (x) yes or no under which plan requires an employee contribution to the premium.

Plan #1	Plan #2	Plan #3	Plan #4
yes ___ no ___	yes ___ no ___	yes ___ no ___	yes ___ no ___

b) Deductible - Check (x) yes or no under which plan requires a deductible for medical and/or hospital care. If there is no deductible for the employee but there is a deductible for dependents and/or retirees, place (D) or (R) after the (x).

Plan #1	Plan #2	Plan #3	Plan #4
yes ___ no ___	yes ___ no ___	yes ___ no ___	yes ___ no ___

A deductible is the amount an employee must pay before the health plan will pay. For example: a \$200 deductible means the plan would require the employee to pay \$200 out-of-pocket before the plan would begin to pay.

- c) Co-payment - Check (x) yes or no under which plan requires a co-payment for service. If there is no co-payment for the employee but there is a co-payment for dependents and/or retirees, place (D) or (R) after the (X).

Plan #1	Plan #2	Plan #3	Plan #4
yes ___ no ___	yes ___ no ___	yes ___ no ___	yes ___ no ___

A co-payment is an amount paid per service for each time a service is rendered. For example, a plan may require an employee to make a \$5 out-of-pocket co-payment for a visit to a doctor's office. Co-insurance and deductibles do not apply to this question.

28. Cost Containment Activities

The purpose of this part of the survey is to determine the extent to which public employers and employee organizations are involved in health care cost containment activities and what specific activities have been addressed since May 1, 1984.

If you addressed the activity before May 1, 1984, check (x) "PREVIOUSLY ADDRESSED" regardless of the outcome. Example: If you became self insured before May 1984 you would check (x) "PREVIOUSLY ADDRESSED". If you have not previously addressed the activity listed check (x) the appropriate response. Example: If you implemented self insurance since May 1984 you would check (x) "IMPLEMENTED".

If you addressed the activity before May 1984 and again after May 1984 check (x) both "PREVIOUSLY ADDRESSED" and the current appropriate response. Example: If in January 1984 you rejected reducing benefits after consideration but in September 1984 you decided to again consider reducing benefits, you would check (x) both "CONSIDERING" and "PREVIOUSLY ADDRESSED," or, if you considered reducing benefits in January 1984 and have not considered reducing benefits since May 1984, you would check (x) both "PREVIOUSLY ADDRESSED" and "HAVE NOT CONSIDERED".

It should be emphasized that this survey is intended to measure changes occurring since May 1, 1984, as well as current considerations.

IF YOU DO NOT UNDERSTAND AN ACTIVITY LISTED, REFER TO PAGES 15-20, FOR AN EXPLANATION.

	<u>HAVE NOT CONSIDERED</u>	<u>CONSIDERING</u>	<u>REJECTED AFTER CONSIDERING</u>	<u>IMPLE- MENTED</u>	<u>PREVIOUSLY ADDRESSED</u>
REDUCE BENEFITS	_____	_____	_____	_____	_____
ADD OR INCREASE EMPLOYEE CONTRIBUTION TO HEALTH PLAN PREMIUMS (CO-INSURANCE)	_____	_____	_____	_____	_____
ADD OR INCREASE DEDUCTIBLES	_____	_____	_____	_____	_____
ADD OR INCREASE CO-PAYMENT	_____	_____	_____	_____	_____
CHANGE TO LESS EXPENSIVE HEALTH CARE PLAN BUT RETAIN SAME BENEFITS, DEDUCTIBLES AND CO-PAYMENTS	_____	_____	_____	_____	_____
LIMIT EMPLOYEE CHOICE OF HEALTH PLANS FOR THE PURPOSE OF REDUCING COSTS	_____	_____	_____	_____	_____
ADD A PREFERRED PROVIDER ORGANIZATION AS A PLAN OPTION	_____	_____	_____	_____	_____
SELF-INSURE	_____	_____	_____	_____	_____
JOINT POWERS AGREEMENT	_____	_____	_____	_____	_____
ESTABLISH A HEALTH BENEFITS TRUST FUND	_____	_____	_____	_____	_____
INCREASE UTILIZATION REVIEW THROUGH:					
PRE-ADMISSION REVIEW	_____	_____	_____	_____	_____
CONCURRENT REVIEW	_____	_____	_____	_____	_____

	<u>HAVE NOT CONSIDERED</u>	<u>CONSIDERING</u>	<u>REJECTED AFTER CONSIDERING</u>	<u>IMPLE- MENTED</u>	<u>PREVIOUSLY ADDRESSED</u>
ANCILLARY SERVICES REVIEW	_____	_____	_____	_____	_____
PHYSICIANS SERVICES REVIEW	_____	_____	_____	_____	_____
OUTPATIENT SERVICES REVIEW	_____	_____	_____	_____	_____
POST-SERVICE AUDIT	_____	_____	_____	_____	_____
NEGOTIATE DISCOUNTED RATES WITH:					
HOSPITALS	_____	_____	_____	_____	_____
DIRECTLY <u> </u> YES <u> </u> NO					
THROUGH PPO <u> </u> YES <u> </u> NO					
PHYSICIANS	_____	_____	_____	_____	_____
DIRECTLY <u> </u> YES <u> </u> NO					
THROUGH PPO <u> </u> YES <u> </u> NO					
MANDATORY SECOND OPINION FOR SURGERY	_____	_____	_____	_____	_____
ELECTIVE SECOND OPINION FOR SURGERY	_____	_____	_____	_____	_____
SURGI-CENTER SERVICES	_____	_____	_____	_____	_____
HOSPICE SERVICES	_____	_____	_____	_____	_____
HOME CARE SERVICES	_____	_____	_____	_____	_____
ALCOHOL ABUSE PROGRAM	_____	_____	_____	_____	_____
SUBSTANCE ABUSE PROGRAM (excluding alcohol and tobacco)	_____	_____	_____	_____	_____
SMOKING CESSATION PROGRAM	_____	_____	_____	_____	_____

	<u>HAVE NOT CONSIDERED</u>	<u>CONSIDERING</u>	<u>REJECTED AFTER CONSIDERING</u>	<u>IMPLE- MENTED</u>	<u>PREVIOUSLY ADDRESSED</u>
NUTRITION AND WEIGHT CONTROL PROGRAM	_____	_____	_____	_____	_____
CHRONIC DISEASE MANAGEMENT PROGRAM	_____	_____	_____	_____	_____
STRESS REDUCTION PROGRAM	_____	_____	_____	_____	_____
PHYSICAL FITNESS PROGRAM	_____	_____	_____	_____	_____
RISK ASSESSMENT PROGRAM	_____	_____	_____	_____	_____
CASH INCENTIVE FOR SPOUSAL INSURANCE COVERAGE	_____	_____	_____	_____	_____
PARTICIPATE IN REGIONAL OR STATEWIDE HEALTH CARE COST CONTAINMENT ORGANIZATION	_____	_____	_____	_____	_____
OTHER (specify)	_____	_____	_____	_____	_____

29. For those health care cost containment activities listed as IMPLEMENTED, or PREVIOUSLY ADDRESSED AND IMPLEMENTED, give the estimated cost savings of each activity.

REDUCE BENEFITS	\$ _____	ADD OR INCREASE EMPLOYEE CONTRIBUTION TO HEALTH PLAN PREMIUMS (CO-INSURANCE)	\$ _____
ADD OR INCREASE DEDUCTIBLES	\$ _____	ADD OR INCREASE CO-PAYMENT	\$ _____
CHANGE TO LESS EXPENSIVE HEALTH CARE PLAN BUT RETAIN SAME BENEFITS, DEDUCTIBLES AND CO-PAYMENTS	\$ _____	LIMIT EMPLOYEE CHOICE OF HEALTH PLANS FOR THE PURPOSE OF REDUCING COSTS	\$ _____

ADD A PREFERRED PROVIDER ORGANIZATION AS A PLAN OPTION	\$ _____	SELF-INSURE	\$ _____
MULTI EMPLOYER TRUST FUND	\$ _____	ESTABLISH A HEALTH BENEFITS TRUST FUND	\$ _____
INCREASE UTILIZATION REVIEW THROUGH:			
PRE-ADMISSION REVIEW	\$ _____	CONCURRENT REVIEW	\$ _____
ANCILLARY SERVICES REVIEW	\$ _____	PHYSICIANS SERVICES REVIEW	\$ _____
OUTPATIENT SERVICES REVIEW	\$ _____	POST-SERVICE AUDIT	\$ _____
NEGOTIATE DISCOUNTED RATES WITH:		MANDATORY SECOND OPINION FOR SURGERY	\$ _____
HOSPITALS	\$ _____		
PHYSICIANS	\$ _____	ELECTIVE SECOND OPINION FOR SURGERY	\$ _____
SURGI-CENTER SERVICES	\$ _____	HOSPICE SERVICES	\$ _____
HOME CARE SERVICES	\$ _____	ALCOHOL ABUSE PROGRAM	\$ _____
SUBSTANCE ABUSE PROGRAM (excluding alcohol and tobacco)	\$ _____	SMOKING CESSATION PROGRAM	\$ _____
NUTRITION AND WEIGHT CONTROL PROGRAM	\$ _____	CHRONIC DISEASE MANAGEMENT PROGRAM	\$ _____
STRESS REDUCTION PROGRAM	\$ _____	PHYSICAL FITNESS PROGRAM	\$ _____
RISK ASSESSMENT PROGRAM	\$ _____	CASH INCENTIVE FOR SPOUSAL INSURANCE COVERAGE	\$ _____
PARTICIPATE IN REGIONAL OR STATEWIDE HEALTH CARE COST CONTAINMENT ORGANIZATION	\$ _____	OTHER (specify)	
		_____	\$ _____
		_____	\$ _____
		_____	\$ _____

29. Definition of Cost Containment Activities Listed on pages 11, 12 and 13 of this survey.

The list of cost containment alternatives is a compilation of alternatives being undertaken or proposed by a variety of employers, employee organizations, health care providers, health economists and consultants, and others. It is recognized that there is considerable disagreement about the appropriateness or effectiveness of the alternatives among interested parties. However, the intent of this survey is to objectively determine what alternatives are currently being considered without regard to appropriateness or effectiveness, therefore, the following is intended to clearly explain the questions presented rather than present information regarding appropriateness or effectiveness.

Reduce benefits.

A benefit may be for a health service that is provided in a health care plan such as coverage for hospital care, physician care, hearing and vision screening, etc. A benefit may also be a product other than a service such as medical appliances, prescription drugs, hearing aids, dentures, glasses, etc. This question refers to reducing or eliminating a health care service or product. Reducing benefits in this question does not include requiring additional employee contributions to the plan, increasing deductibles or co-payments, or reducing the employer's contribution to the plan.

Add or increase employee contributions to health plan premiums (co-insurance).

Health plans refer to insurers such as Travelers, Cal-Western, Blue Cross/Shield, etc.; or health maintenance organizations such as Kaiser Health Plan or other group of providers for which services are paid for through a premium. Premium means the amount paid on a periodic, usually monthly, basis for coverage of specified health benefits. Adding or increasing the employee contribution means that the employee would pay a greater percentage toward the premium than is now paid.

Add or increase deductibles.

A deductible is the amount paid by the employee before the health care coverage of the plan begins to pay. For example, some plans have a \$200 deductible for non-hospital, i.e., ambulatory care. This means that the employee must pay \$200 during the year for non-hospital benefits such as doctor office visits before the plan will begin to pay for non-hospital benefits. Adding or increasing deductibles would mean that the employee would pay a greater amount for health services before the plan would begin to pay.

Add or increase co-payment.

A co-payment is an amount paid by the employee as partial payment for a service. For example, if a doctor's office visit is \$25 and the employee is required to make a \$5 co-payment toward the office visit, then the health plan will pay the other \$20. Adding or increasing a co-payment would mean that the employee would have to pay a greater fee for each service.

Change to less expensive health care plan but retain the same benefits, deductibles, and co-payments.

Health care plan in this question means health insurance companies, health maintenance organizations, self insurance, health benefits trust and other groups of providers for which health services are paid for through a premium. This question refers to changing to a less expensive plan without changing coverage. It is simply buying the same plan at a cheaper price from a different source.

Limit employee choice of health plan(s) for the purpose of reducing cost.

Many employers permit at least two choices of health plans. This question refers to limiting the employees' choice in health plans to those plans that cost less. This could mean adding a new plan that costs less, changing to a plan that costs less, or eliminating an existing plan because of its high cost.

Add a preferred provider organization as a plan option.

PPO - For the purposes of this question, a preferred provider organization is an arrangement in which a group of providers have entered into a contractual agreement to provide services at a discounted rate. For the purposes of this survey any health plan option that includes contracted providers regardless of sponsorship or incentives or requirements for employees to use contracted providers is defined as a preferred provider organization plan option.

Self-insurance.

Self-insurance means the employer assumes the risk of the costs incurred for the health care of all eligible employees. In a self-insurance arrangement, health care funds are retained by the employer or trust.

Joint Powers Agreement.

A joint powers agreement is an arrangement between local government authorities who join together to perform a common function such as the purchasing of health benefits coverage. Joint powers authorities may also be self-insured and/or self-administered.

Health benefits trust fund.

A health benefits trust fund is a formal agreement entered into by the employer and employee organization for the purpose of administering health care benefits for employees. A health benefits trust fund usually has representation from both the employer and the employee organization on the governing body although the fund may be administered by an employer, employee organization or the third party administrator. The governing body determines how benefits are to be provided and by whom.

Increase health care provider surveillance through:

Questions relating to provider surveillance do not apply to health maintenance organizations.

The purpose of provider surveillance is to determine if the care provided is appropriate from the viewpoint of cost and quality.

Note

The six most common methods of reviewing health care provider performance are listed in the next six questions.

If you do not know if your insurance company or health plan performs the following review functions, please contact the company or health plan and ask the next six questions.

Preadmission review - The attending physician must request and receive prior approval for all elective hospitalization or request authorization within 24 hours of hospitalization for an urgent or emergency admission. When request is made, the reviewers will either authorize the admission and assign the number of approved days for stay or deny medical authorization and recommend outpatient services.

Concurrent review - While the patient is hospitalized, nurses or other designated persons, under the supervision of doctors periodically evaluate the hospital records to insure that the appropriate level of medical services are being provided (e.g., intensive care room vs. semi-private room). They also determine the appropriate date of discharge, and during this review, the preauthorized length of stay may be either shortened or lengthened depending on the patient's medical condition.

Ancillary services review - This review occurs at the same time as concurrent review and evaluates the appropriateness of the hospital services that the patient receives such as laboratory tests, x-rays, physical therapy, etc.

Physician services review - During concurrent review, the reviewers can also evaluate the appropriateness and necessity for the services that the attending physician(s) provides to the patient during the hospital stay.

Outpatient services review - This is a review of the appropriateness of physician and other professional health services and ancillary and therapeutic services performed in an outpatient setting such as a doctor's office, etc.

Post Service Audit.

After the patient is discharged an audit of the billed charges is made to determine accuracy and appropriateness of both services and charges. Decisions to pay, question or deny payment are made by the payor during this review.

Negotiate discounts.

Discounts on the cost of health services can be negotiated with providers through contractual agreements. Such negotiations can occur directly between the employer or group of employers through a trust fund, or by using a preferred provider organization as a health plan option.

Negotiate discounted rates with hospitals.

This question refers to negotiating discounted rates for hospital services.

Directly - Refers to direct negotiations with hospital for discounts by an employer, group of employers or through a trust fund. Negotiations may be accomplished by the staff of the organization or through a third party contracted to perform the negotiating function.

Through a preferred provider organization - Means that discounted hospital rates are negotiated by a preferred provider organization.

Negotiate discounted rates with physician.

This question refers to negotiating discounted rates for physician services.

Directly - Refers to direct negotiations with physicians by an employer, group of employers or through a trust fund. Negotiations may be accomplished by the staff of the organization or through a third party contracted to perform the negotiating function.

Through a preferred provider organization - Means that discounted physician rates are negotiated by a preferred provider organization.

Second opinion for surgery.

A second opinion for surgery occurs after surgery has been recommended by a physician. The second opinion is from another physician.

Mandatory second opinion for surgery.

This means that the employee is required to obtain a second opinion.

Elective second opinion for surgery.

This means that the employee is not required to obtain a second opinion for surgery, but may do so under the health plan.

Surgi-center services.

Surgi-centers are free-standing (not hospital) facilities in which surgery is performed. The surgery does not require an overnight stay in the facility and the patient returns home the same day.

Hospice services.

Hospice services are health care and support services that are provided usually in the home, to terminally ill patients and their families. Hospice is an alternative to hospitalization or other institutional care for the terminally ill.

Home care services.

Home care services include services provided by a visiting nurse, physical or other therapist, etc. The services may be for the purpose of chronic disease management, rehabilitation, or for a protracted illness or injury.

Alcoholism abuse program.

Alcohol abuse programs refer to coordinated employer/community, medical care programs for the treatment of alcoholism or alcohol abuse. The question does not refer to simple hospital insurance coverage for alcohol detoxification but to comprehensive community programs involving the employer, employee organization, community services, and inpatient and outpatient medical care services.

Substance abuse programs (excluding alcohol and nicotine).

Substance abuse programs refer to the same kind of programs for alcohol abuse only the substances are heroin, cocaine, marijuana, amphetamines, etc.

Smoking cessation programs.

Smoking cessation programs are designed to assist the employee to stop using tobacco in any form including smoking. Such programs may be conducted at the work site or in the community.

Nutrition and weight control programs.

Nutrition and weight control programs are for the purpose of developing healthful nutritional habits and losing weight to prevent or control illness relating to poor nutritional habits. Such programs may be performed at the work site or in the community.

Chronic disease management programs.

Chronic disease management programs are for individuals who have chronic illness such as diabetes or hypertension. They are usually coordinated as an adjunct to continuing medical management. Such programs may be conducted at the work site, in the community, or through health care support organizations such as visiting nurses.

Stress reduction programs.

Stress reduction programs are for the purpose of improving the capacity of an individual to cope with stressful situations. The programs may take many forms and may be conducted at the work site or in the community.

Physical fitness programs.

Physical fitness programs are for the purpose of increasing cardiovascular capacity as well as physical fitness. Such program may be conducted at the work site or in the community.

Risk assessment program.

Risk assessment programs are for the purpose of determining health risks associated with employee behavior and physical/emotional status. The intent is to provide information and referral and follow-up services to correct problems. Most programs are conducted at the work site or by referral to community agencies.

Cash incentive for spousal insurance coverage.

When both husband and wife are employed and both are covered by a family insurance policy, two employers pay for the same health coverage. This "double coverage" often results in one employee enrolling the family in one plan and the other employee enrolling the family in another plan. The cash incentive program is one which pays a spouse a cash percentage of what a health plan would cost rather than paying for a health plan.

Participate in regional or statewide health care cost containment organizations.

Participation in a county or statewide cost containment coalition that meets with other employers or employee organizations on a regular basis is an example of this activity.

Other

If you have made or are considering other activities, programs, etc., for the purpose of containing health care costs, please indicate.

GOLDEN GATE UNIVERSITY LAW LIBRARY



3 5127 00058 9069