

ATTACHMENT

#1

Titus County Independent Evaluation

Overview of Request:

A request was made for an independent evaluation of the Titus County Health Plan. The request initially stemmed from the awareness and concern that there is no independent consultant currently involved in the preparation and review of the renewal and plan design options.

Key Findings:

The court has 2 questions to answer today:

1. Is it appropriate to renew with HealthFirst TPA on the basis of their renewal proposal?
2. Is there any advantage to hiring a consultant in addition to the current benefit providers?

1. Fees paid to HealthFirst

- ⇒ are above the market norms for services provided.
- ⇒ The amount of your overpayment is at least \$36,617 per year...every year.

2. No independent market evaluation conducted in Titus County since 1988—23 years.

- ⇒ This is not normal.
- ⇒ A consultant performs 3 key tasks:
 - They evaluate and benchmark your benefit providers, their fees and quality so you can make informed decisions,
 - They bring viable vendors and providers of services to the County so that even if you decide you want to stay with your current vendors, you can do so on the basis of knowing that their service offering and fees are reasonable, and
 - They ensure that your selected vendors are performing the contractual obligations as promised. This includes reviewing your contracts, making recommendations for revision and ensuring that the terms are reasonable and appropriate.

⇒ Lack of competition ultimately drives prices above market norms.

3. Asking better questions like, "How much are we paying and is it reasonable?"

- ⇒ Lack of consistent response from HealthFirst
 - Initially, HealthFirst's response was that they are only paid a \$16.50 per employee per month administration fee and nothing more. ($\$16.50 \times 126 \text{ employees} = \$24,948/\text{year}$)
 - When we later provided you with specific written questions to send to that same sales representative, you received an entirely different answer and the response revealed significantly greater compensation to the ETMC-owned entities.
- ⇒ All of these amounts add up to compensation in excess than \$80,000 per year.

4. Prescription Savings Opportunity

- ⇒ HealthFirst states that switching to the HF Rx Solutions program would yield a savings to the County of \$10,043.01. HF Rx Solutions is another ETMC-owned entity.
- ⇒ We strongly encourage the contract and data the savings is based on to be reviewed by an external party.

5. Compliance Improvement Opportunity

6. Ultimatum by HealthFirst issued Friday

- ⇒ If you engage the services of Brinson Benefits as your consultant, HealthFirst states they will terminate all services provided to the County.
- ⇒ HealthFirst cannot contractually preclude you from hiring anyone of your choosing.
- ⇒ HealthFirst's all-or-nothing approach takes one of the greatest advantages of self-funding away from you. Why is it that they also want to take away your opportunity to receive unbiased, objective advice from a consultant?

7. You deserve a better answer.

- ⇒ A more precise reason for the ultimatum. Not some vague statement that "Brinson doesn't fit their business model."
- ⇒ These are your dollars and someone coming to assist you in optimizing your dollars cannot and should not be in conflict with anyone's business model.

ATTACHMENT

#2

When I consider the hiring of an independent agent of record, Brinson's Benefits, I feel a no vote a case of denial. First, it is a denial of the financial position the county is in considering the Luminant suit and the rather sluggish local economy. True, we have raised taxes as we should have done, but revenues are not the only way to address this problem. Carl has laid out the need to reduce our insurance costs, not by tens of thousands, but by hundreds of thousands. We need someone who will look at the entire insurance universe, think out of the box, and reduce our administrative costs as much as we can without cutting benefits until we have exhausted all the other savings. Health First will only address ~~the~~ ^{two} segments of the industry to seek savings. Brinson is aggressive and I will work on our behalf as our "independent" agents.

That brings up another denial. A no vote indicates the denial that RFA, the

commissioned sellers of our coverage is, by its business model, a conflict of interest. RFA is a part of our Third Party Administrator. Thus, we can't shop for TPA's, Health First is our TPA. RFA is a part of Health First and Health First is owned by East Texas Medical Center. Our agent in essence works for two of our providers. Our County Attorney John Mark Coburn has told us he considers it a definite conflict of interest. Carl has indicated it is not a healthy arrangement. I feel that the person that is negotiating our health contracts, our coverage, our rates and our benefits needs to be paid by a check that is signed by Carl and Sheryl, not by two of our providers. Health First, in 1988 through the end of the century was very appropriate. However, the health care industry in the last 11 years has morphed into a super-profitable, bottom line oriented monster. We need a more aggressive protector of our ever tightening tax dollars

As to the 45,000⁰⁰ that Brinson would charge, let me remind the court that we already pay \$41,000 for RFA, our present agent. That \$41,000 is only what we know about, and that has taken me 2 1/2 years to find out. It is probably a lot more, the deeper we dig. So Brinson's cost is, in effect, a wash.

I intend to vote to hire Brinson Benefits but will respect the decision made and the court as a whole. But as we go forward, the financial pressure we face, by its nature, demand change in how the county does business. Change is inevitable and, ^{if} it makes us more efficient, a good thing for our taxpayers and our employees.