

North Carolina Comprehensive Major Medical Plan

Request for Position Reclassification

October 26, 2005

## Overview

The North Carolina State Health Plan has developed two key strategies in response to member and financial pressures. The members of the Plan have expressed dissatisfaction with the single option of major medical coverage. In addition, rate structures are making it less affordable for employees to cover their family members. State agencies, also customers of the Plan, are voicing concerns regarding recruitment and retention of employees because of the decreasing competitiveness of the health benefits. Another factor affecting the long-term financial viability of the Plan is the aging of the state workers and chronic nature of their health.

In response to these concerns the Plan is embarking on new programs to address these critical issues. They are outlined below.

### New Programs

PPO – the Plan has been given legislative authority to create new health plans to offer members. By creating a PPO the Plan will be in a position to create a more affordable program by taking advantage of lower contracted provider rates and establish a rate structure more price sensitive to employees and their dependents. In addition, by creating a more competitively priced alternative the Plan will attract younger, healthier eligible dependents who are otherwise purchasing their health care through other carriers.

Integrated Health Management – to address the chronic health conditions of our existing and future members, the Plan is creating a strategic approach via an Integrated Health Management (IHM) initiative. In concert with recognized industry leaders Health Dialog and WebMD the Plan will systematically and comprehensively focus on the following areas on a statewide basis: Care Management, Disease Management, Worksite Wellness, Utilization Review, Utilization Management, Medical Policy and Product Management.

When fully implemented these two programs will save the Plan \$20 - \$30 million annually. These estimates are conservative but identify the significance of the impact.

## Organizational Structure

In order to maximize the Plan's ability to implement, monitor and continue to create innovative solutions to rising health care costs, such as the programs above, the Plan has to attract seasoned health care personnel. The Plan must also structure the organization to support these programs to realize the financial benefits. To this end, the Plan has reorganized and is consulting with the Joint Legislative Commission on Governmental Operations to affect the following reclassifications of currently funded positions. The Plan is not requesting any new positions at this time.

## Reclassified Positions

**Medical Director:** At present the Plan is purchasing Medical Director services from its Claims Processing Contractor (CPC). The cost of this purchased service exceeds what the Plan would pay for a direct employee. Consequently, should the plan change Claims Processor's the Plan would lose the continuity of its Medical Leadership. With the expansion of the Plan's product offering and more importantly IHM initiative the members and the Plan will be better served to hire its own Medical Director. The Medical Director, in collaboration with the Integrated Health Management Director will drive the strategic and tactical agenda necessary to fully implement and derive value from these programs.

**Financial Controller:** During the course of this year's audit by the State Auditor it was determined by Plan management that an individual be recruited to provide financial leadership and oversight responsibility to the Executive Administrator and Deputy Executive Administrator. With nearly \$2 Billion under management it is imperative such an individual possess the necessary credentials and experience to ensure adequate accounting and financial controls are in place and monitored. The audit focused primarily on activities under the previous administration.

**Financial Analyst:** Consistent with the above audit it was also discussed with Plan management that a position be identified to analyze and report on trends and areas of concern as it relates to health care and administrative spending. This person would offset the external cost, which is paid out currently to the CPC for this service.

**Integrated Health Management Director:** This position will support the Medical Director and the Plan's IHM initiative by managing the staff in place

to execute this agenda. In order for the Medical Director and the Plan to achieve substantially greater benefits from these programs the IHM department will need senior level oversight.

**Director of Contract Compliance:** The Plan has \$1.7 Billion of medical and pharmacy claims under contract. Currently these contracts are not managed nor evaluated for efficiencies and medical cost savings. It is imperative for The Plan not only to focus on medical aspects of the CPC but also the administrative charges of the CPC.

**Director of Support Services:** The Plan has combined several functions of critical activity under the management of this director. Currently this person is in a job classification which does not support her new duties. The areas of oversight responsibility are Human Resources, Facilities Management and Information Technology. This individual coordinates with other State Agencies in the provision of services but is the sole point of contact and subject matter expert for the Plan in these areas.

**Director of Customer Relations:** Currently member and related customer activities are decentralized and not well coordinated. This leads to delays in communications and discontinuity of information to those same stakeholders. The Plan has a significant focus on the customers we serve and especially the members of the Plan. To ensure our members feel valued and cared for, it is crucial we have the necessary accountability to make this an ongoing part of our culture.

**Director of Special Projects:** Commensurate with the creation and implementation of the PPO, the Plan has determined the need to have an individual focused on this key objective. If the Plan is to have an offering by next year it must allocate the necessary resources to support its development and continuation.

**Integrated Health Management Tech:** This position will support the Integrated Health Management department by working with the Plan's Agency customers and HBRs. Worksite Wellness and communication from and to the Plan from our strategic health partners will be critical to our ongoing success and cost saving initiatives. This position will be the primary point of contact to support the IHM agenda external to the Plan and work with other health care focused organizations and agencies to maximize benefits for members.

<b><u>Current Classification</u></b>			
<b><u>Position Number</u></b>	<b><u>Position Title</u></b>	<b><u>Position Grade</u></b>	<b><u>Position Funded Amount</u></b>
8410-0000-0000-123	Human Service Planner/Eval III	72	\$35,561
8410-0000-0000-124	Information/Communications Specialist III	72	\$35,561
8410-0000-0000-125	Accountant II	75	\$40,516
8410-0000-0000-122	Program Development Coordinator	76	\$42,307
8410-0000-0000-126	Accounting Technician V	70	\$38,733
8410-0000-0000-112	Human Service Planner/Eval IV*	74	\$48,769
8410-0000-0000-107	Program Service Specialist*	72T	\$40,850
8410-0000-0000-115	Manager Member Service*	77T	\$64,992
8410-0000-0000-117	Information/Communications Specialist II	68	\$33,000
Total Funded			\$380,289
<b><u>New Classification</u></b>			
<b><u>Position Number</u></b>	<b><u>Position Title</u></b>	<b><u>Position Grade</u></b>	<b><u>Position Funded Amount</u></b>
8410-0000-0000-123	Medical Director	FR	\$200,000
8410-0000-0000-124	Financial Controller	FR	\$90,000
8410-0000-0000-125	Financial Analyst	FR	\$55,000
8410-0000-0000-122	Integrated Health Management Director	FR	\$90,000
8410-0000-0000-126	Director of Contract Compliance	FR	\$70,000
8410-0000-0000-112	Director of Support Services*	FR	\$80,000
8410-0000-0000-107	Director of Customer Relations*	FR	\$65,000
8410-0000-0000-115	Director of Specials Projects*	FR	\$75,000
8410-0000-0000-117	Integrated Health Management Tech	FR	<u>\$50,000</u>
Total Funded			\$775,000
Total Additional Funding			\$394,711
* Filled positions requiring re-classifications			