



MEMORANDUM

Date: December 15, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **December 16, 2014 Agenda Item 8 – Nicotine/Tobacco-Free Healthy Workforce Initiative**

Supervisor Ally Miller requested additional information regarding the proposed Nicotine/Tobacco-Free Healthy Workforce Initiative, which will be considered by the Board of Supervisors at the December 16, 2014 meeting. Below are questions posed by Supervisor Miller and the responses.

- 1. You point out the employer portion of providing health care has doubled from approx 25 million to 50 million. What were the number of FTE's in 2004/2005 vs 2014/2015?*

The number of Full-time Equivalent (FTEs) for Fiscal Year (FY) 2004/05 was 8,054. Current FTEs are 7,255.

Description	FY 2004/05 Actual	FY 2014/15 Budget
Total Enrollment	5,894	5,278
Total Cost	\$25,057,043	\$50,011,142
Cost Per Enrollee	\$4,251.28	\$9,475.40

- 2. You state the cost of medical care for pharmacy and medical claims for smokers are embedded in this increase. What is the breakdown of medical costs for tobacco users?*

For many reasons, but primarily that we do not have the detail individual information due to privacy laws, we can only estimate based on national cost figures.

- 3. You state the current provider estimates national cost averages \$25 per member per month. Please provide the calculations for how this data was derived along with any assumptions in the calculation.*

The figure of \$25.80 is provided by Aetna Health Systems based on their entire book of business.

Aetna identified the cost coefficient (\$25.80 per member per month; PMPM) of members with the tobacco risk through regression modeling based on 2013 data using the methodology below:

- **Identified Book of Business members that completed a Health Assessment in 2013 (160,482 members).**
- **Performed a linear regression model to model 2013 medical and pharmacy cost PMPM for those with tobacco risk (indicated they were a current smoker on their Health Assessment).**
- **The model was adjusted based on Age, Gender, Product and Local Market.**

4. You state staff is recommending employee pay \$6.30 for the first year. Is that an annual or monthly amount recommended?

The \$6.30 was an example of the increased cost for the employee-only rate. Staff is recommending a 30 percent surcharge, which will be different for the various rates, depending on the actual plan and discounts of the employee. In the example (\$6.30), the amount is by pay period, of which there are 26.

5. In the second to last paragraph you state if the board doesn't adopt this policy then new employees will be required to pay \$90 per month. It was my understanding the policy would remain "as is" in terms of costs being borne by all employees (smokers or not) as is the current policy. Was this an error or is this an either adopt this policy or all new hires who smoke will pay this higher fee?

Final rates are presented to the Board for adoption annually. We anticipate bringing the final recommended rates and structure to the Board in February 2015.

CHH/mjk

c: Allyn Bulzomi, Director, Human Resources