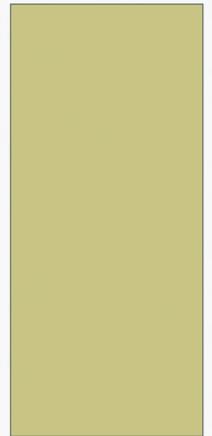


Department of Human Resource Management

Virginia Executive Institute Alumni Association (VEIAA)

RICHMOND, VIRGINIA
JUNE 24, 2015



STATE WORKFORCE SALARIED FULL-TIME EMPLOYEES RECEIVING FEDERAL ASSISTANCE

• Number of employees receiving assistance

- 2013 2,287 employees
- 2011 892 employees
- 2007 < 12 employees*

• Number of employees receiving food stamps

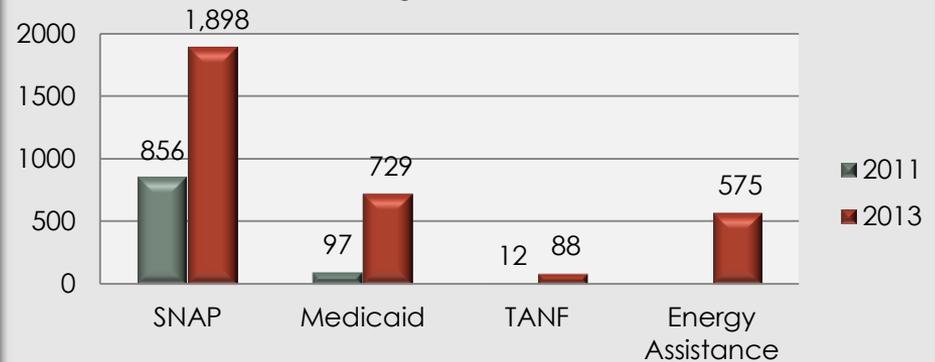
- 2013 1,898 employees
- 2011 856 employees
- 2007 0 employees

• Change over time

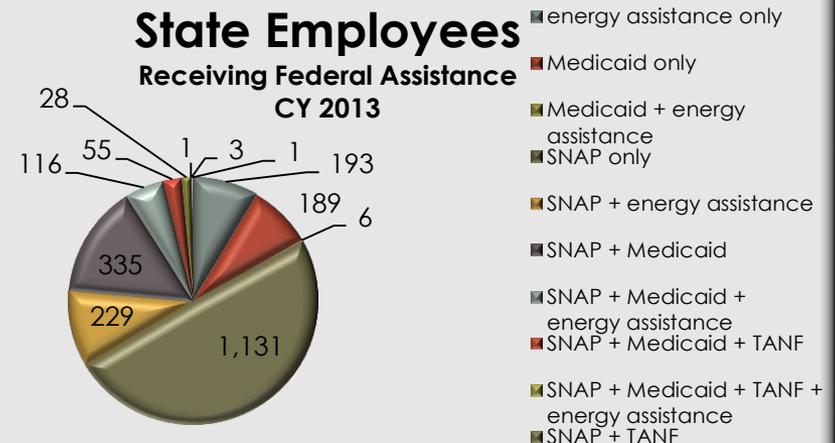
- Poor economy and lack of employee raises have taken a toll on state employees
- Although no employees received food stamps in 2007, almost 1900 state employees receive food stamps today
- 122% increase in food stamps in the last two years
- No change in benefit eligibility during this time

* Received temporary assistance because they had legal guardianship of grandchildren, and otherwise would not meet benefits eligibility criteria

State Employees Receiving Federal Assistance



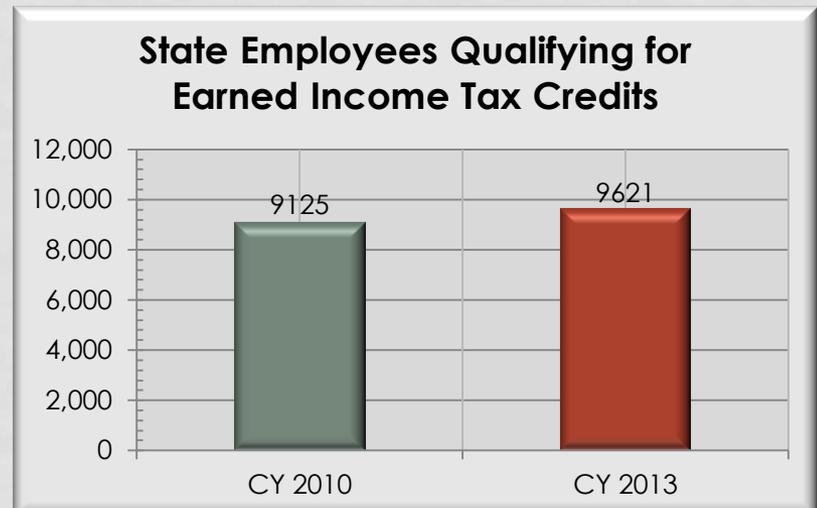
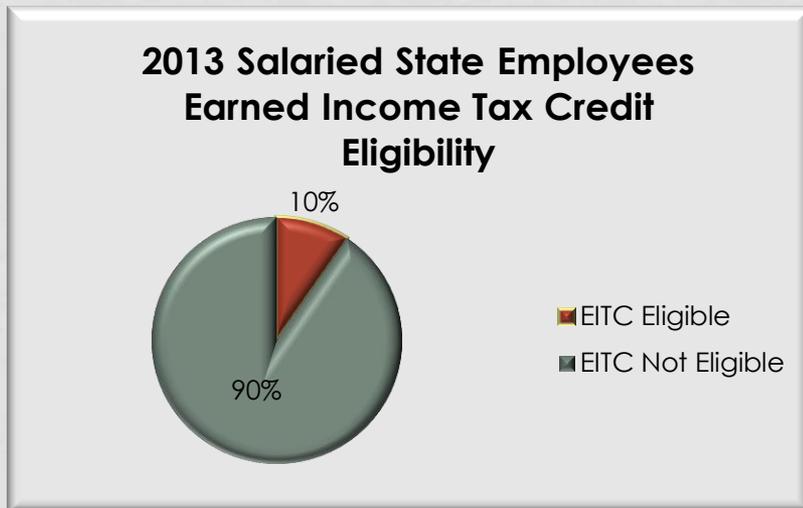
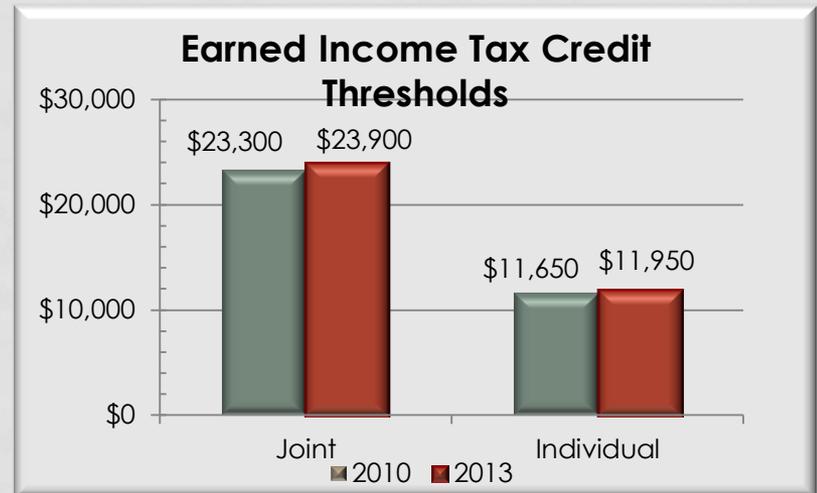
State Employees Receiving Federal Assistance CY 2013



STATE WORKFORCE

SALARIED FULL-TIME EMPLOYEES WITH EARNED INCOME TAX CREDIT

- **Number of employees qualifying for EITC**
 - 10% of salaried full-time state employees in 2013
- **Change over time**
 - 2.6% increase in eligibility threshold from 2010 to 2013
 - 5.4% increase in state employees qualifying for EITC from 2010 to 2013



FUNDED COMPENSATION INCREASES

AUGUST 10, 2015

| WHAT | WHO |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2% Base Salary Increase | <ul style="list-style-type: none"> • Employees in salaried positions as of May 10, 2015, AND • Rated at least “Contributor” |
| Compression Adjustment – Salaried Employees | <ul style="list-style-type: none"> • Salaried employees, excluding DSP sworn employees and higher education employees not subject to the Virginia Personnel Act • \$65 base salary increase for each full year of continuous state service up to maximum of 30 years, AND • Have 5 or more years of continuous state service, AND • Rated at least “Contributor” |
| Compression Adjustment – DSP Sworn Employees | <ul style="list-style-type: none"> • Salaried sworn employees of DSP • \$80 base salary increase for each full year of continuous state service up to maximum of 30 years, AND • Have 3 or more years of continuous state service, AND • Rated at least “Contributor” |
| 2% Base Salary Increase for High Turnover Roles | <ul style="list-style-type: none"> • Salaried employees as of May 10, 2015, AND • Rated at least “Contributor”, AND • Occupy positions in following roles as of August 10, 2015: <ul style="list-style-type: none"> ▪ Law Enforcement Officer I ▪ Direct Service Associate I ▪ Direct Service Associate II ▪ Direct Service Associate III ▪ Housekeeping/Apparel Worker I ▪ Probation Officer Assistant ▪ Emergency Coordinator I ▪ Emergency Coordinator II ▪ Registered Nurse I ▪ Registered Nurse II/NP II/ PA ▪ Licensed Practical Nurse ▪ Therapy Assistant/Therapist I ▪ Therapist III ▪ Compliance/Safety Officer II |
| \$1,000 Base Salary Inc. – Security Officers I and III | <ul style="list-style-type: none"> • Employees in salaried positions as of August 10, 2015, AND • Occupy Security Officer I and Security Officer III positions |

PERSONNEL MANAGEMENT INFORMATION SYSTEM (PMIS) MODERNIZATION

| Aspect | Information |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What | <ul style="list-style-type: none"> • Migrate mission-critical personnel and health benefits eligibility systems from a mainframe to server-based environment <ul style="list-style-type: none"> ▪ Systems capture and report information on tens of thousands of current and retired state employees and their dependents • Migration is “like for like” <ul style="list-style-type: none"> ▪ Migrated systems keep the same look, feel and functionality as their mainframe predecessors ▪ Reduced risk approach |
| Why | <ul style="list-style-type: none"> • Avoid potential increased cost of \$15 million annually |
| When | <ul style="list-style-type: none"> • Completed by end of June 30, 2016 |
| Who | <ul style="list-style-type: none"> • Fujitsu selected through RFP process as vendor • DHRM will test that migrated systems work as they did in former environment |
| Cost | <ul style="list-style-type: none"> • \$5.4 million |
| Status | <ul style="list-style-type: none"> ● Budget ● Scope ● Schedule |

RECRUITMENT MANAGEMENT SYSTEM (RMS) UPGRADE

- Upgraded from PeopleAdmin 5.8 to version 7
- Necessary to move to current Web-based recruitment technology
- Streamlined the hiring process for applicants and agencies
- Added applicant and management tools not available in the former RMS, including:
 - Easy account management tools for applicants, such as bookmarking postings for later viewing
 - *ReportBuilder*, a scalable reporting engine which creates custom management reports with real-time data for analysis and evaluation, enabling agencies to strategically evaluate recruiting efforts to determine more effective talent acquisition strategies
 - Mass management of data across multiple postings
 - Consolidation of multiple documents to streamline assessment
- Went live on April 21st

BAN THE BOX

- Executive Order 41 (2015) implemented the “Ban the Box” hiring policies in the Commonwealth
- Ensures that the only factors considered in employment process are directly job-related
- Removed criminal conviction question from the state employment application
 - Did NOT just “move the box”
- Changed job announcements
 - Must clearly state any specific employment prohibitions associated with criminal convictions per state or federal law
 - Must provide the specific job-related reason for all other background checks

VETERANS INITIATIVES

- Governor's Policy Priority that Virginia is the pre-eminent state for military personnel and their families
- State human resource policies promote and support veteran's preference
- Percentage of state employees that are veterans is almost the same percentage of veterans in Virginia that are of working age
 - 8.5% of Virginians of working age are veterans
 - 8.11% of state workforce are veterans
 - 30 state agencies meet or are significantly greater than 8.5%
 - Top 10 Roles held by veterans
 1. Electronics Manager I
 2. Equipment Service Repair Manager II
 3. Watercraft Operations Manager I
 4. Information Technology Manager III
 5. Procurement Manger Iv
 6. Security Manager I
 7. Architect/Engineering Manager III
 8. Law Enforcement Officer III
 9. Equipment Service Repair Manager I
 10. Physician Manager II
- V3 (Virginia Values Veterans) Strategic Alliance Group
 - 30% of visitors to V3 Web site are referred from the state jobs Web site
 - Promoting greater outreach to veterans
 - Encouraging agencies to measure and recognize progress
 - Requires Agency V3 Certification
- Agencies encouraged to sign Patriot Pledge committing to strengthen veteran recruitment and retention

EMPLOYERS OF NATIONAL SERVICE

- Initiative of First Lady that began April 2015
- Encourage individuals with national service to apply for state jobs
 - Information provided on Virginia Jobs landing page next to the Veteran outreach
 - Encourage agencies to post on their social media
- Agencies need to track individuals with national service
 - Track applicants
 - Track hires
 - 8 agency hires reported from April 27th to June 10th, 2015

WORKERS' COMPENSATION BACKGROUND INFORMATION

• Claims

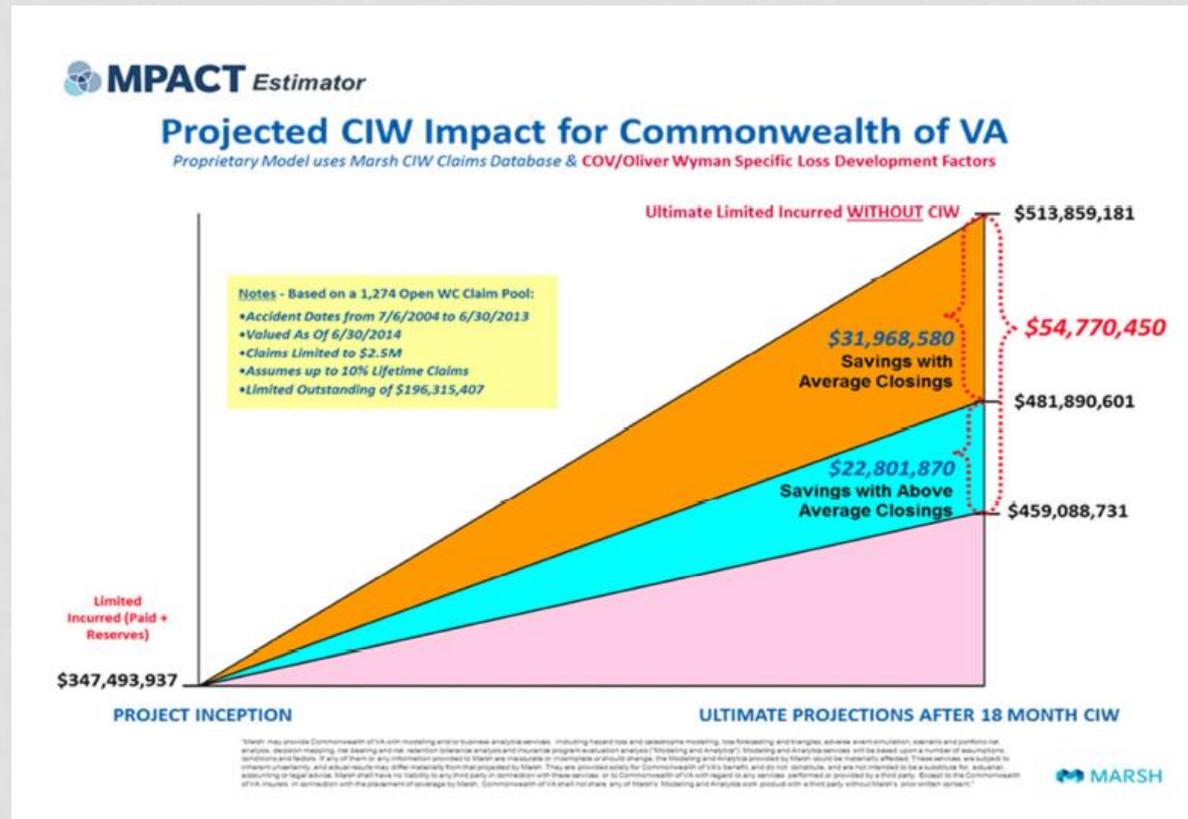
- 324,195 claims on file with the program from 1984 – 2014
 - 42,435 indemnity (lost time) claims
 - 2,550 open and active
 - 199,973 medical only claims
 - 1,370 open and active
 - 81,787 record only claims

• Premiums

- \$78,650,032 in FY 16 statewide premiums for FY16 obligations
- Pay-as-you-go premiums charged on cash flow basis
- No reserve funds for future obligations

WORKERS' COMPENSATION CLAIMS SETTLEMENT STUDY

- FY 14 budget language included study for potential settlement of claims
- Marsh Risk Consulting study completed September 30, 2014
- 1,274 claims identified for settlement consideration
- \$32 to \$54 million in potential cost avoidance if settlement funds available



WORKERS' COMPENSATION FY16 BUDGET LANGUAGE

- **Settlement Funds**

- Nearly \$1 billion in future liability for the program
- \$20 million DHRM working capital advance to identify and settle certain workers' compensation claims
 - Claims open more than 1 year and less than 10 years
- Repay working capital advance from annual premiums over 7-year period
- Report annually by October 30 each year

- **Loss Control Review**

- Annual DHRM review of loss control history for each state agency
 - Severity of claims
 - Experience modification factor
 - Frequency normalized by payroll
- Participation in loss control program required if agency has higher than normal loss control history
- Report annually by October 30 each year

HEALTH BENEFITS PLAN DESIGN CHANGES FY16

| Item | Plan | Plan Design | Change | Cost/ (Savings) |
|------|--------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------|--------------------|
| 1 | COVA Care | Change plan year deductible | Increase to \$300/\$600 (up \$75/\$150) | (\$2,245,044) |
| 2 | COVA Care | Change physical therapy co-pay | Reduce co-pay from \$25/\$35 to \$15 | \$1,316,060 |
| 3 | COVA Care | Identify programs with low utilization | Remove Nurseline | (\$179,345) |
| 4 | COVA Care COVA HealthAware COVA HDHP | Offer telemedicine alternative to in-person office visits | Implement LiveHealth Online (Anthem) and Teladoc (Aetna) | TBD |

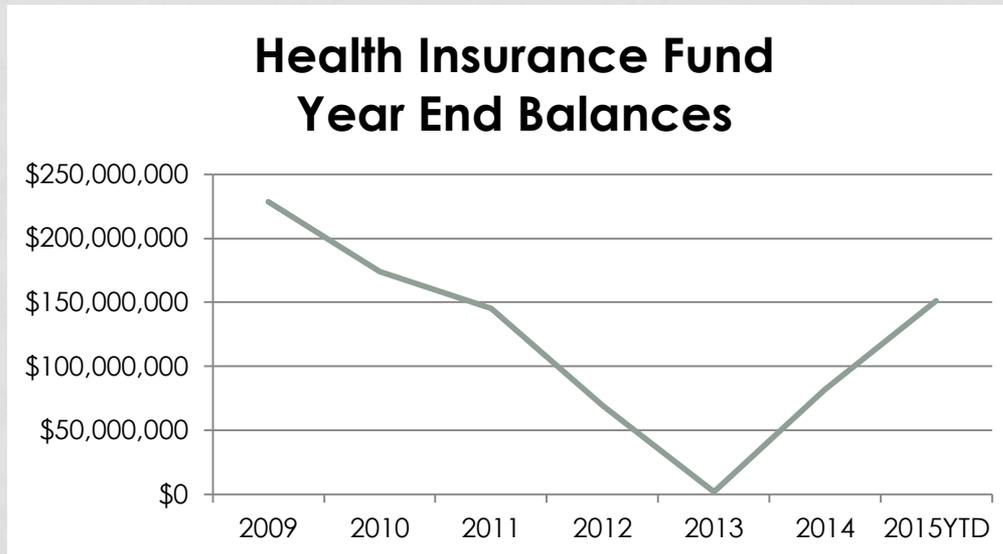
HEALTH BENEFITS PLAN DESIGN CHANGES FY16

| Item | Plan | Plan Design | Change | Cost/ (Savings) |
|------|--------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------|
| 5 | COVA Care COVA HDHP | Educate oncology providers about less costly effective chemotherapy drugs | Implement oncology provider education program | \$0 |
| 6 | COVA Care COVA HealthAware COVA HDHP | Identify wasteful medical services in partnership with Virginia Center for Health Innovation | Implement waste calculator software | \$0 |
| 7 | COVA Care | Enhance coverage for routine hearing exam | Once every 12 months from once every 48 months | Minimal |
| 8 | COVA Care COVA HDHP | Limit coverage for compound drugs | Cover drugs that include only FDA-approved products | (\$1,422,167) |
| 9 | COVA Care COVA HDHP | Limit coverage for androgens | Cover only when medically necessary | (\$550,000) |

ACTIVE & EARLY RETIREE HEALTH INSURANCE FUND (HIF)

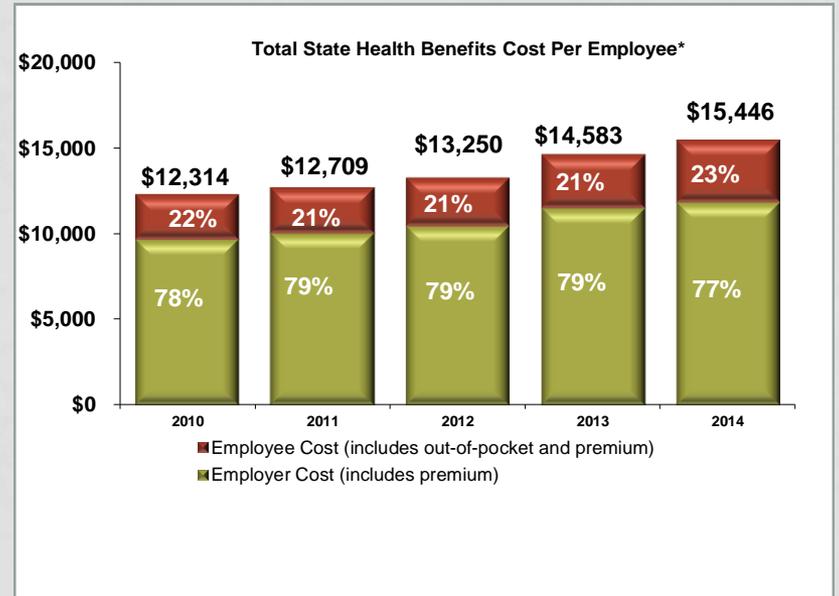
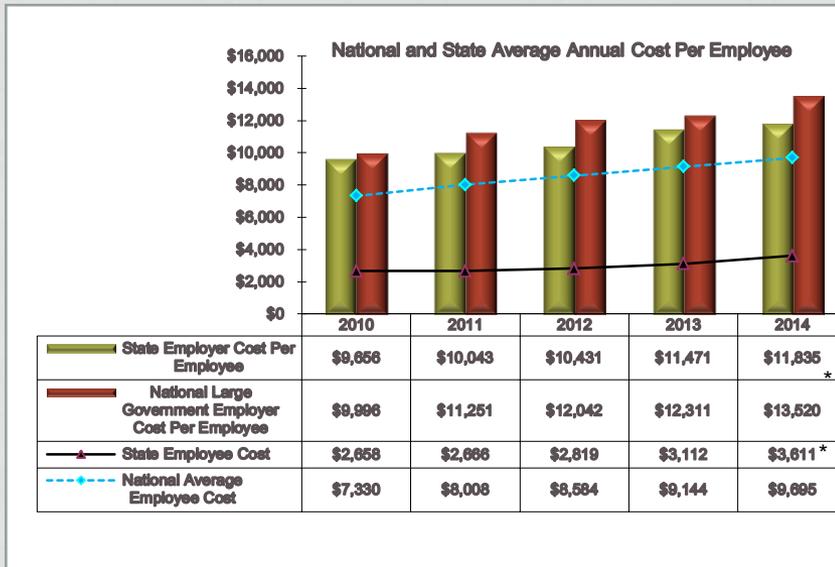
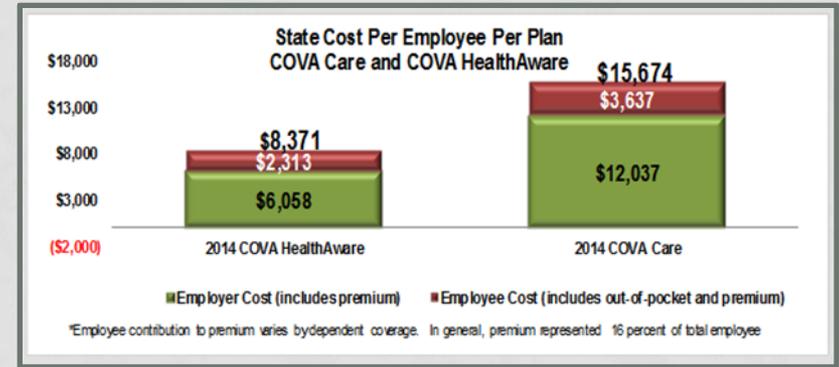
Active & Early Retiree Plan HIF Year End Balances

- FY 2009 – \$228.4 million
- FY 2012 – \$69.4 million
- FY 2013 – \$1.8 million
- FY 2014 – \$81.8 million
- FY 2015 – \$151.4 million at 04/30/2015



FY 2014 HEALTH BENEFITS TOTAL COST PER EMPLOYEE

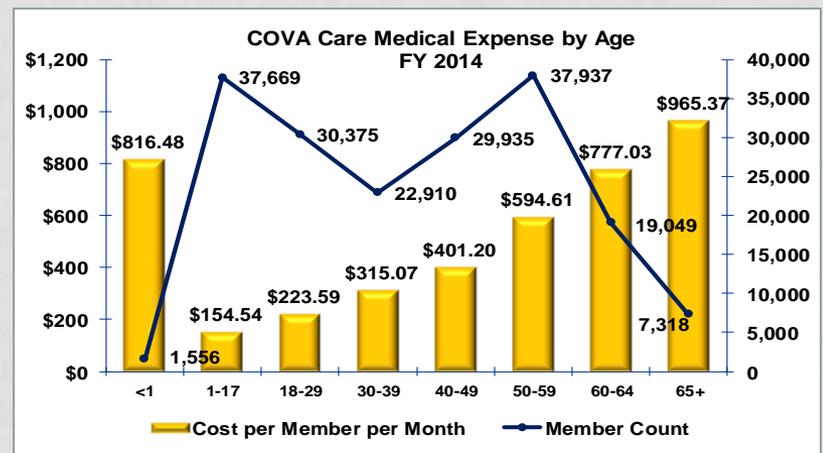
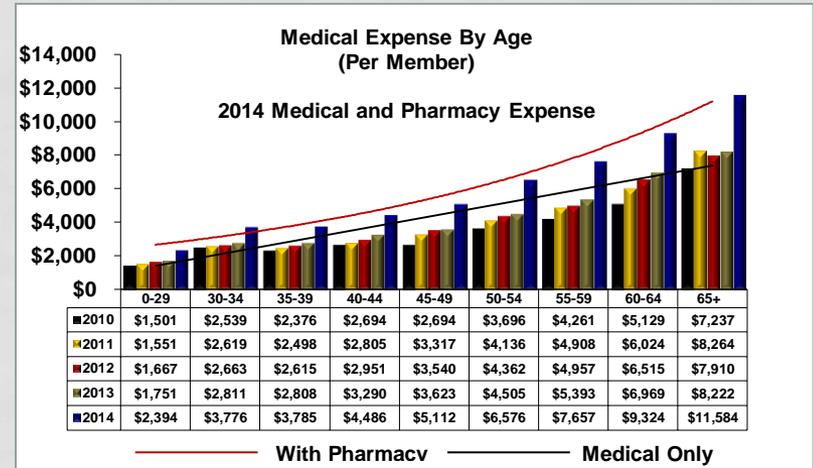
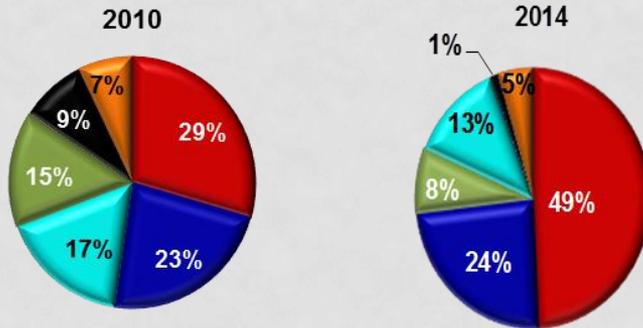
- \$15,446 total cost per employee
- 5.9% increase in FY 14 from prior year



FY 2014 HEALTH BENEFITS COST DRIVERS

- Expensive procedures
- Treatment of chronic conditions
- Prescription drug therapy cost
- Employee lifestyle
- Average employee age

Lifestyle Related

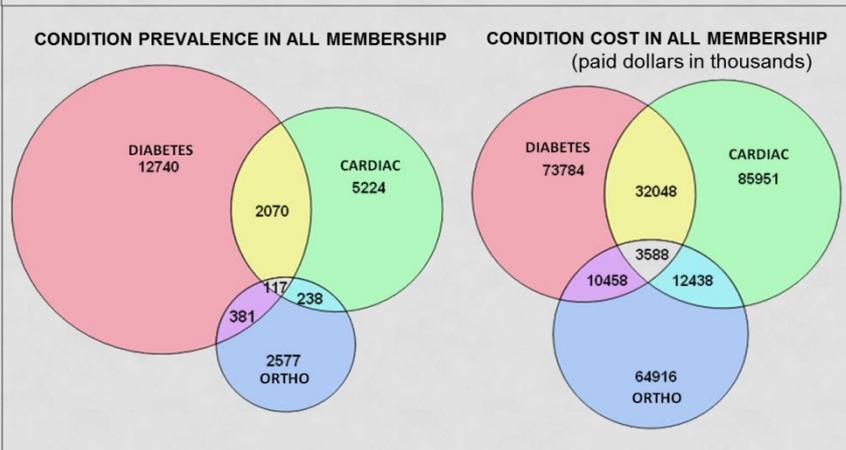


FY 2014 HEALTH BENEFITS TOP TEN CLAIMS EXPENSE

TOP TEN CLAIMS EXPENSE

- \$749 million of total plan expense
- 80% of total plan expense
- Obesity related
 - Diabetes
 - Coronary artery disease
 - Hypertension
 - Musculoskeletal disorders
 - Digestive disorders
- High cost specialty drugs required
 - Rheumatoid arthritis
 - Multiple sclerosis

Top Major Conditions: Multiple Chronic Conditions



“Top Ten” Claims Expense

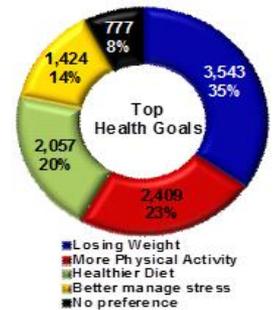
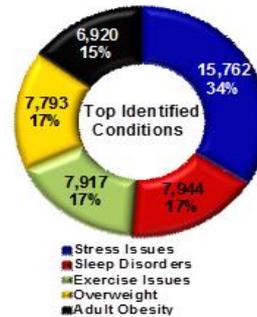
| Medical Procedures | Chronic Conditions | Chronic Conditions Managed through Prev. Medicine | Prescription Drugs |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"> 1. <i>V-Codes</i>—health services not classified as disease or injury 2. <i>Musculoskeletal</i> 3. <i>Neoplasms</i>—tumors 4. <i>Circulatory</i> 5. <i>Ill-defined symptoms</i>—undetermined causes 6. <i>Digestive</i> 7. <i>Genitourinary</i> 8. <i>Nervous system/sense organs</i> 9. <i>Accidental injury</i> 10. <i>Respiratory</i> | <ol style="list-style-type: none"> 1. Diabetes 2. Hypertension 3. Depression 4. Multiple sclerosis 5. Asthma 6. Rheumatoid arthritis 7. Cirrhosis of the liver 8. Stress-related problems 9. Respiratory disease 10. Epilepsy | <ol style="list-style-type: none"> 1. Coronary artery disease 2. Breast cancer 3. Cerebrovascular disease 4. Diabetes 5. Hypertension 6. Obesity 7. Skin cancer 8. Lung cancer 9. Substance abuse 10. Oral cancer | <ol style="list-style-type: none"> 1. <i>Nexium</i> - stomach acid 2. <i>Humira</i> - rheumatoid arthritis 3. <i>Crestor</i> - high cholesterol 4. <i>Enbrel</i> - rheumatoid arthritis 5. <i>Abilify</i> - depression 6. <i>Lantus solostar</i> - diabetes 7. <i>Advair Diskus</i> - asthma/COPD 8. <i>Cymbalta</i> - depression 9. <i>AndroGel</i> - low testosterone 10. <i>Diovan</i> - high blood pressure |
| 80.3% of Medical Services 82.0% of Medical Expense | 8.9% of Medical Services 4.6% of Medical Expense | 9.1% of Medical Services 11.9% of Medical Expense | 4.3% of Prescriptions 21.2% of Pharmacy Expense |
| <p><i>Note: These areas may not be mutually exclusive. Prescription drug list excludes compounded pharmaceuticals.</i></p> | | | |

TOTAL POPULATION HEALTH

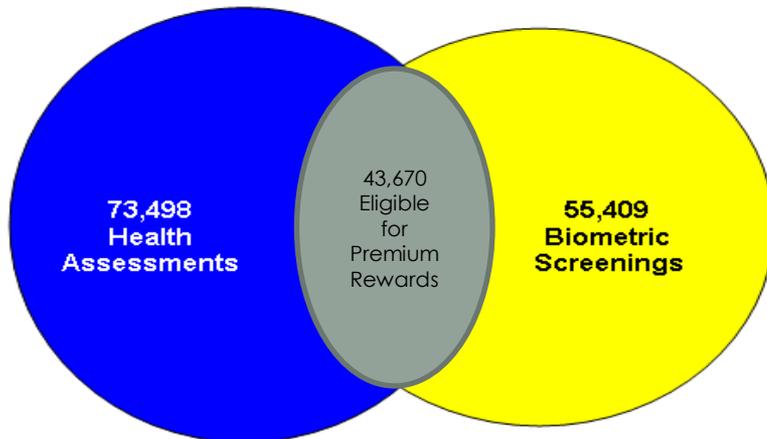
Tools

- Cost and quality tools
- Healthy lifestyle tools
- Financial rewards
- Education

Identified in Health Assessment



Health Assessments and Biometric Screenings



Weight of State Population

Body Mass Index (BMI)



Under Weight 18.5-144 (1%)



Healthy Weight 18.5-24.9 5,489 (25%)



Over Weight 25-29.9 6,061 (28%)



Obese 30-34.9 3,643 (17%)

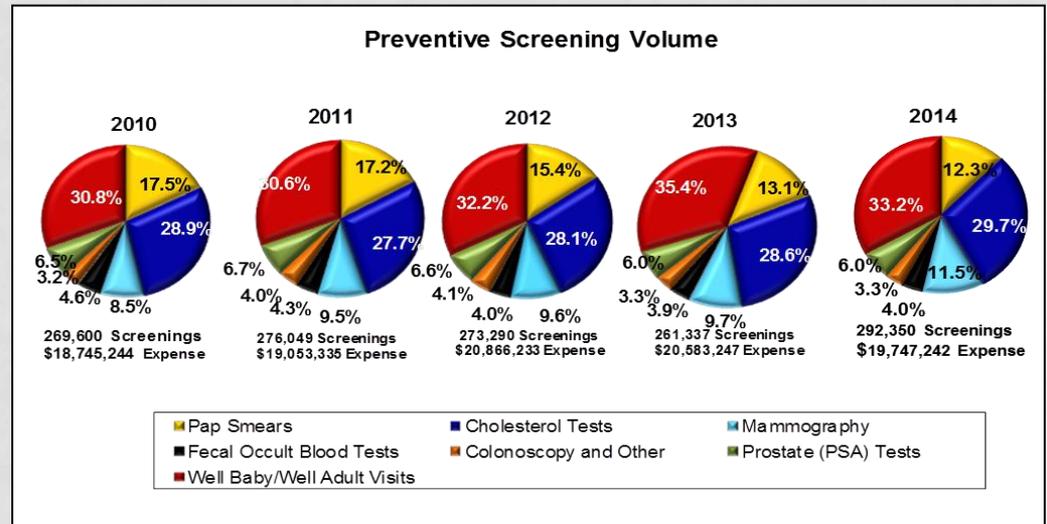
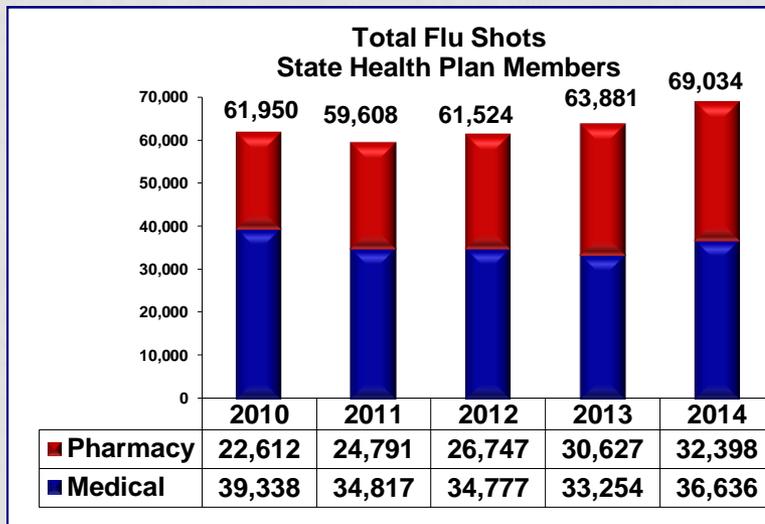


Morbid Obese 35+ 3,290 (15%)

WELLNESS & PREVENTIVE CARE

- **Top areas of focus**
 - Weight management
 - Nutrition
 - Stress management
- **Top areas of coaching**
 - Nutrition
 - Stress management
 - Exercise
 - Tobacco cessation

- **Focus of preventive care**
 - Flu shots onsite
 - Age appropriate screenings
 - Pap smears
 - Cholesterol
 - Mammograms
 - Colonoscopy
 - PSA test
 - Annual checkups

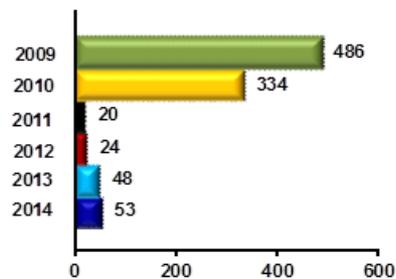


INCENTIVES & OUTCOMES

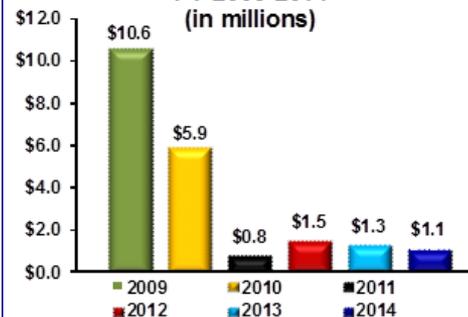
- **Bariatric Surgery**
 - **Program**
 - Weight management
 - Nutritional counseling
 - Personalized coaching
 - **Outcomes**
 - Weight loss
 - Improved nutrition
 - More positive coping skills
 - Increased activity
 - 90% reduction in cost

- **Maternity Management**
- **Value Based Insurance Design (VBID)**
 - Diabetes
 - Hypertension
 - Asthma/COPD
- **Medication Therapy Management**
- **Premium Rewards**
- **“Do Rights”**

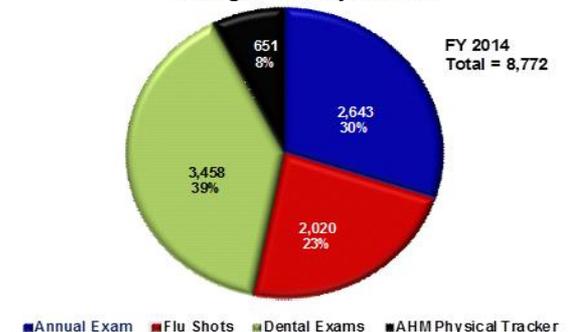
**Total Bariatric Surgeries
FY 2009 - 2014**



**Total Bariatric Surgery and
Obesity Medical Expense
FY 2009-2014
(in millions)**

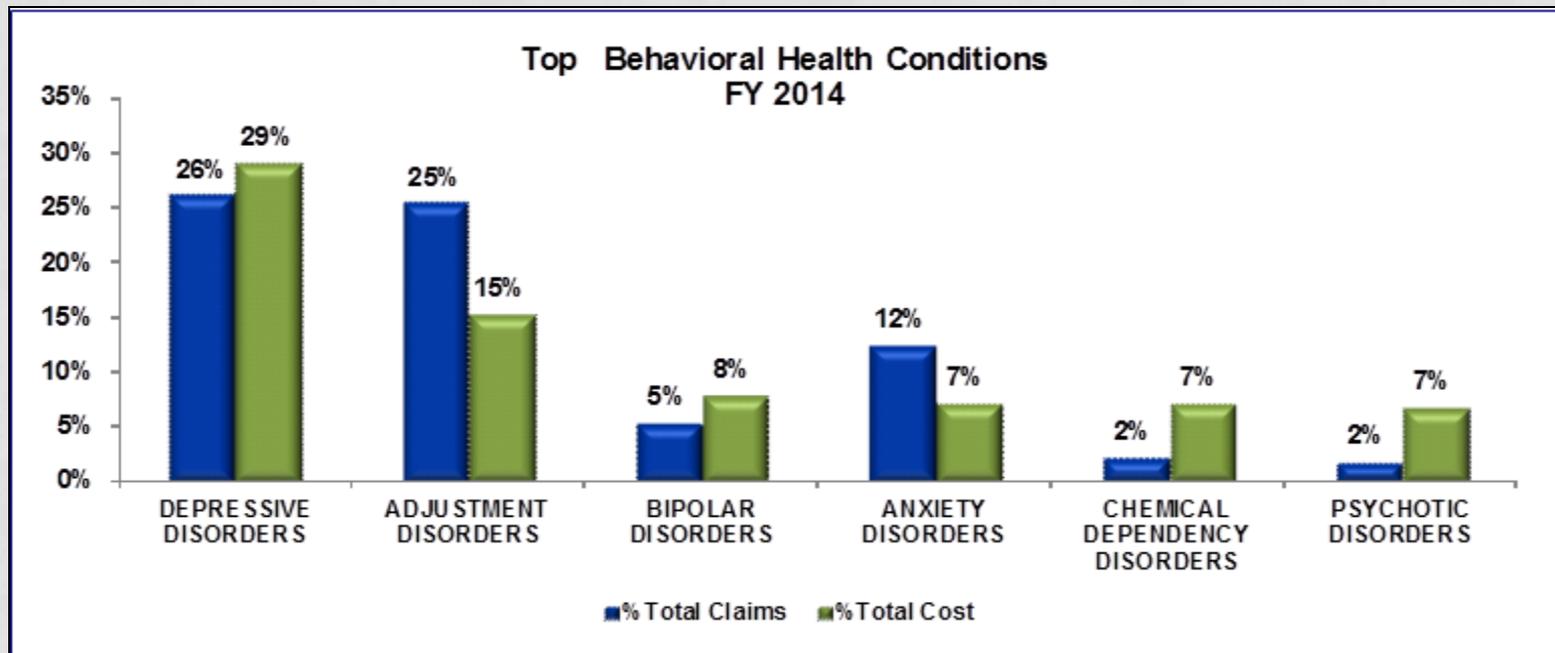


**COVA HealthAware
“Do Right” Healthy Activities**



EMPLOYEE WELL BEING

- Includes both physical and emotional health
- Employee Assistance Program (EAP)
 - 77% of users sought services for emotional and psychological concerns, family relationships, and legal issues
 - >100% increase in legal and financial services



FY 2015 HEALTH BENEFITS

PILOT ONSITE HEALTH CENTER

- Planned pilot for Capitol Square area on the mezzanine in the Monroe Building
- Provide employees convenient access to primary and preventive care
- Impact productivity with less work time lost
- Improve employee morale
- Offer health coaching support on site
 - Managing chronic medical conditions
 - Improving health behaviors
- Generate cost savings over time
- \$436,195 for start-up and implementation from the HIF
- \$1,614,919 total contract costs for Year 1

COMMONHEALTH

- Improve employee health and well being
- Improve morale
- Increase productivity
- Increase job satisfaction
- Improve problem solving and creativity
- Impact absenteeism and presenteeism
- Reduce sick/disability leave
- Lower health costs
- Improve overall culture

EMPLOYEE OPPORTUNITIES

- Take advantage of all health benefits
 - Complete the Health Assessment
 - Submit biometric screening results
 - Get the age appropriate screenings
 - Attend CommonHealth programs
 - Participate in the Governor's Challenges
 - Utilize the 15 minute Wellness Break

RICHMOND 2015

UCI ROAD WORLD CHAMPIONSHIP

- 12 World Championship races wind their way around the downtown Richmond area from September 19th to 27th , 2015
- Great opportunity to use leadership skills in managing the workforce
- Use VABIKE2015.virgnia.gov as the first source of information
- Most DGS parking areas will remain open and accessible
- Some roads will be closed and traffic rerouted on others
- Employees can volunteer up to 16 hours of regularly scheduled work time during race week
 - Treated as regular worktime, not as leave
 - May NOT use Community Service leave to cover additional volunteer time
 - Must use personal leave for any other time off to volunteer
- Employees should keep their state employee ID badge handy
 - Access to parking areas and buildings
 - Receive any employee discounts that may be available