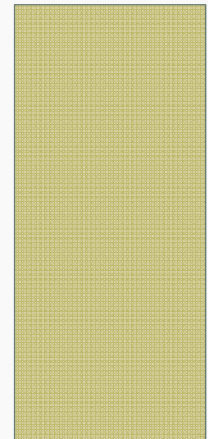


# STATE EMPLOYEE

BUDGET,  
WORKFORCE, COMPENSATION, HEALTH INSURANCE,  
INFORMATION TECHNOLOGY

## Virginia Department of Human Resource Management

SENATE FINANCE  
GENERAL GOVERNMENT & TECHNOLOGY SUBCOMMITTEE  
GENERAL ASSEMBLY BUILDING, RICHMOND, VIRGINIA  
JANUARY 29, 2016



# BUDGET

# BUDGET

- **State Employee Compensation**

- 2% salary increase for state employees on July 10, 2017, contingent on revenue

- **State Employee Health Benefits**

- No health benefit changes for employees in the first year when there is no salary increase
- Employee contribution rates remain the same, and the employer will pay the full amount of the increased health insurance premium
- No plan design changes

# STATE EMPLOYEE WORKFORCE

# STATE WORKFORCE EMPLOYMENT LEVEL

- 17% of total employees statewide are wage

STATEWIDE FTEs	6/30/2015
<b>Salaried Employees</b>	
• Executive	97,815.00
• Legislative	498.00
• Judicial	3,256.10
• Independent	<u>1,552.00</u>
Total Salaried	103,121.10
<b>Temporary Employees</b>	
• Executive	21,339.43
• Legislative	21.08
• Judicial	124.73
• Independent	<u>80.22</u>
Total Temporary	21,565.46
<b>TOTAL EMPLOYEES STATEWIDE</b>	<b>124,686.56</b>
<b>Contractors</b>	5,116.40
<b>TOTAL HUMAN CAPITAL</b>	<b>129,802.96</b>

- 51% Executive Branch employees in Education

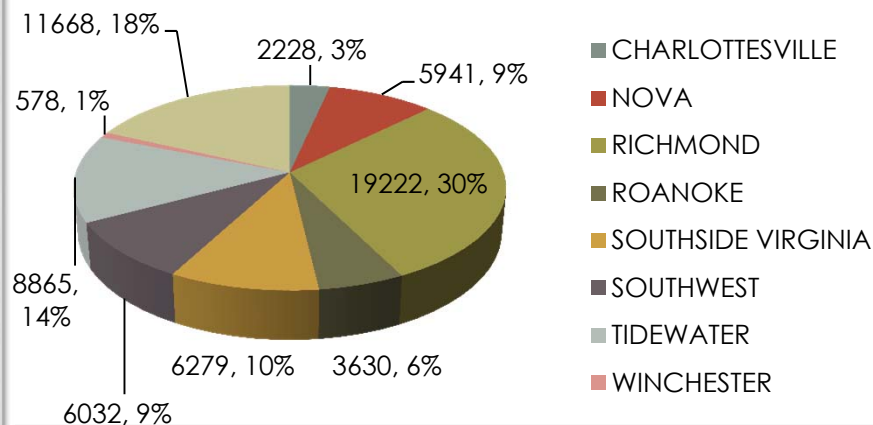
EXECUTIVE -Secretariat FTEs	6/30/2015
• Executive Offices	489.90
• Administration	744.11
• Natural Resources	1,814.87
• Education	49,841.14
• Health & Human Resources	14,129.78
• Transportation	9,234.25
• Public Safety & Homeland	17,385.54
• Finance	1,097.05
• Commerce & Trade	1,552.95
• Technology	249.50
• Agriculture & Forestry	671.11
• Veterans Affairs	604.80
<b>TOTAL EXECUTIVE SALARIED</b>	<b>97,815.00</b>

# CLASSIFIED STATE WORKFORCE DEMOGRAPHICS

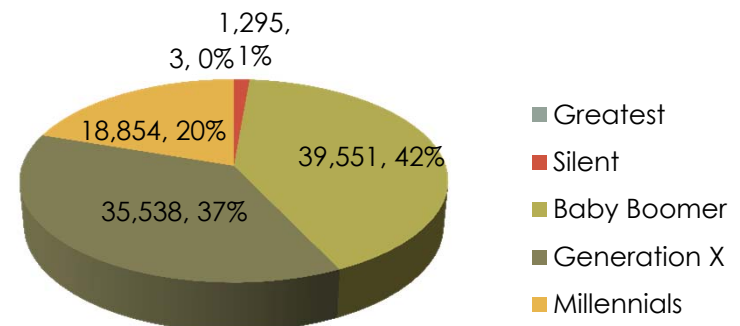
**Average Years of Service** 12.0 years

**Average Age** 46.7 years

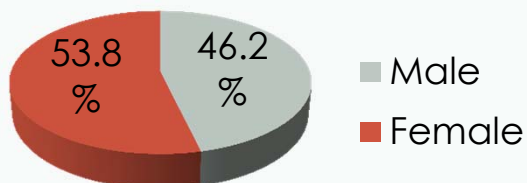
**Region**



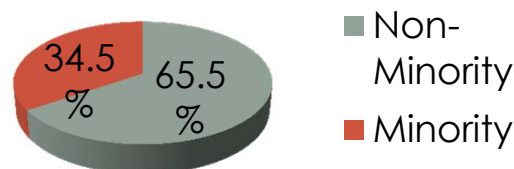
**Generations**



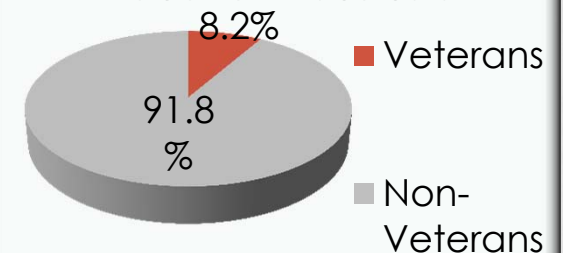
**Gender**



**Race**



**Veteran Status**





# CLASSIFIED STATE WORKFORCE RECRUITMENT & RETENTION

## Recruitment

• Vacancy rate	13.9% ↑
• Average vacancy	332 days ↓
• Average time to hire	72 days ↓
• Hire offers accepted	88.8% ↔
• Exceptional recruitment options	2.9% ↓
• Total recruitments	12,323 ↓
• Promotions	13.8% ↑
• Demotions	1.8% ↑
• Transfers	26.7% ↑
• New hires & rehires	57.7% ↓
• Average age new hires	35.2 years ↓

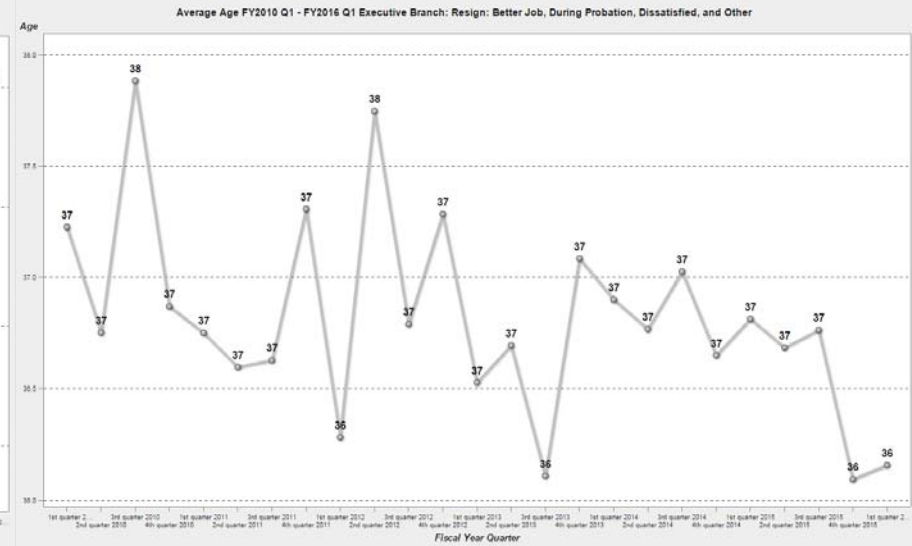
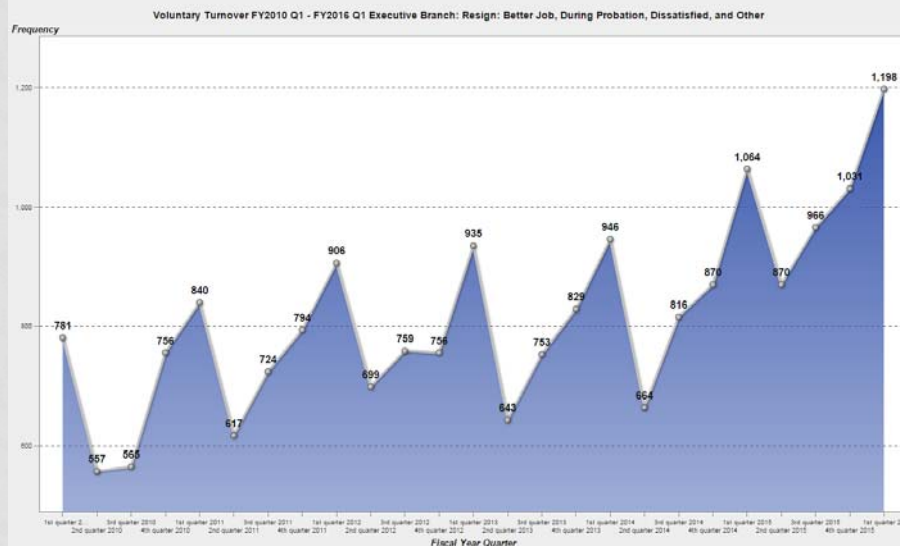
## Retention

• Turnover rate	13.2% ↑
• Turnover - probationary	13.8% ↑
• Turnover - < 5 years service	54.1 ↑
• Average retention bonus	4.4% ↓
• Employees w/ retention in-band adjustment increase	1.5% ↓
• Avg retention in-band adjustment increase	6.5% ↑
• Eligible retirement today	11.7% ↑
• Eligible retirement ≤ 5 years	25.4% ↓
• Retirement rate	3.3% ↑

# VOLUNTARY TURNOVER

- **Voluntary turnover** is trending up
- **Voluntary turnover average age** is trending down
- **Millennials** voluntarily resign at a higher rate than other generations

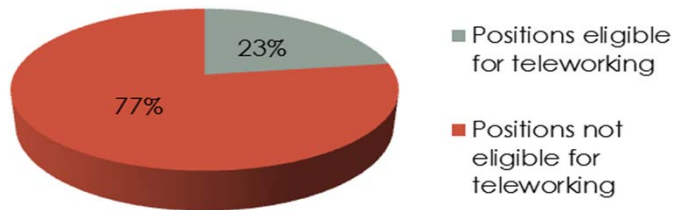
Year Born	Number of Employees	Years of Service Group	Separation Type	Number Separated	Percent of Employees
Before 1980	7188	0-3 Years	RESIGN	480	6.68%
	4131	3-5 Years	RESIGN	186	4.50%
	10213	5-10 Years	RESIGN	293	2.87%
1980 or Later	7080	0-3 Years	RESIGN	869	12.27%
	2407	3-5 Years	RESIGN	203	8.43%
	2803	5-10 Years	RESIGN	141	5.03%



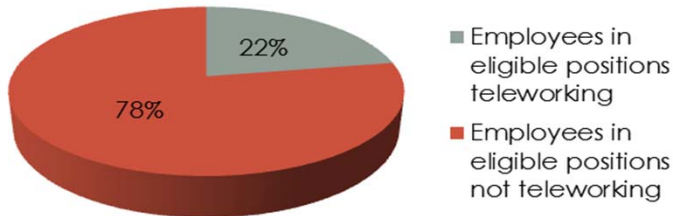


# STATE WORKFORCE WORK LIFE BALANCE

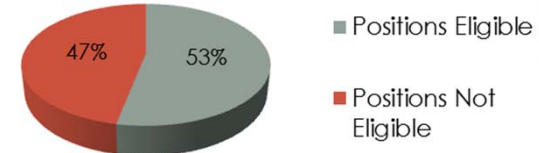
## Telework - Eligibility



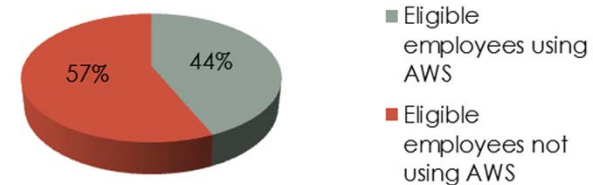
## Telework - Usage



## Alternate Work Schedule Eligibility



## Alternate Work Schedule Usage



## ANNUAL LEAVE

- Average annual leave earned
- Average annual leave used
- Average annual leave lost

115.3 hours  
96.7 hours  
3.3 hours

# STATE WORKFORCE

## SALARIED FULL-TIME EMPLOYEES RECEIVING FEDERAL ASSISTANCE

- **Number of employees receiving assistance**

- 2015 1,215 employees
- 2013 2,287 employees
- 2011 892 employees
- 2007 < 12 employees\*

- **Number of employees receiving food stamps**

- 2015 896 employees
- 2013 1,898 employees
- 2011 856 employees
- 2007 0 employees

- **Number of employees qualifying for EITC**

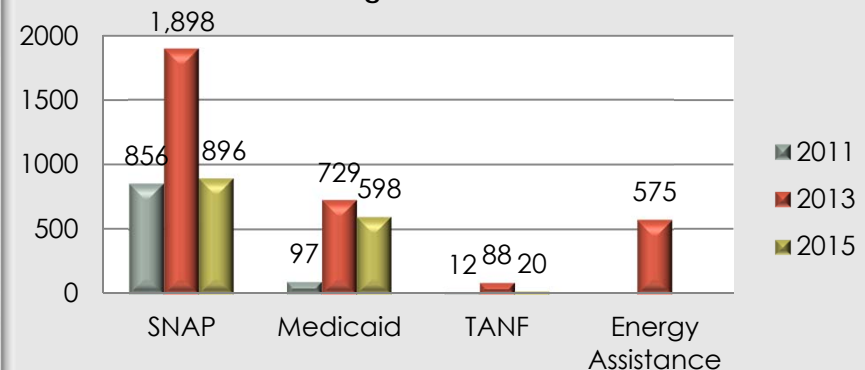
- 2015 9.5% of salaried full-time employees
- 2013 10% of salaried full-time employees

- **Change over time**

- Poor economy and lack of employee raises have taken a toll on state employees
- 2.6% increase in eligibility threshold from 2010 to 2013

\* 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**  
Qualifying for Earned Income Tax Credits



# STATE EMPLOYEE COMPENSATION

# COMPENSATION GOAL & POLICIES

## COMPENSATION GOAL

- Pay employees fairly and consistently for jobs they perform
- Sufficient to attract, retain, and motivate the Commonwealth workforce
- General Assembly adopted goal of bringing state employees to market rate by 2010

## COMPENSATION POLICIES

- **Market Rate** – established in 2000 by General Assembly as compensation policy
- **Pay for Performance** – formula driven increase based on individual/team performance
- **Pay Practices** – practices available to address agency issues
- **Base Pay** – continues over time
- **Non-Base Pay** – lump sum payment, leave or non-monetary item
- **Exceptional Recruitment & Retention Incentive Options** - used for significant recruitment and retention problems critical for agency mission
- **Pay Factors** – uses 13 pay factors when setting pay
  - Agency Business Need
  - Internal Salary Alignment
  - Duties & Responsibilities
  - Market Availability
  - Long Term Impact
  - Performance
  - Current Salary
  - Work Experience & Education
  - Total Compensation
  - Knowledge, Skills, Abilities & Competencies
  - Budget Implications
  - Training, Certification, & License
  - Salary Reference Data

# CLASSIFIED COMPENSATION

## STATEWIDE SALARIES & PAY BANDS

- **Lowest paid (as of 12/31/15)**

- \$15,992
- 40 DBHDS employees in Food Service Tech I, Housekeeping/ Apparel Service Worker I, Transportation Operator 1 in Petersburg, Danville & Nottoway

- **Highest paid (as of 12/31/15)**

- \$254,919
- Physician Manager II in DBHDS

- **Mode** continues to be Pay Band 3

- **Federal minimum wage** is \$7.25 or \$15,080 annually

BANDS	RANGE			EMPLOYEES	
	Minimum	SW Maximum	NOVA Maximum	Number	Percent
1	\$15,992	\$38,820	\$50,466	2,084	3.26%
2	\$20,894	\$49,370	\$64,181	7,795	12.19%
3	\$24,969	\$58,146	\$75,590	20,502	32.06%
4	\$32,619	\$74,617	\$97,002	16,980	26.55%
5	\$42,614	\$96,134	\$124,974	12,167	19.02%
6	\$55,672	\$124,244	\$161,517	3,737	5.84%
7	\$72,731	\$160,972	\$193,167	471	0.74%
8	\$95,013	\$208,950	\$250,740	201	0.31%
9	\$124,128	MARKET	MARKET	16	0.03%

STATE SALARIES	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
Statewide	\$46,327	\$41,206	\$32,765	\$54,662	\$7,839	\$248,837	64,185
NOVA	\$53,939	\$49,928	\$40,147	\$61,690	\$13,174	\$211,485	6,015
Statewide (excluding NOVA)	\$45,540	\$40,270	\$32,448	\$53,550	\$7,839	\$248,837	58,170



# COMPENSATION SELECTED LOCALITIES BASE SALARY ADJUSTMENT

BASE SALARY INCREASES												
Locality	FY-04	FY-05	FY-06	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15
Richmond City	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%
Charlottesville	3.50%	3.00%	4.00%	4.00%	4.00%	4.00%	0.00%	2.00%	0.00%	2.00%	2.00%	2.00%
Montgomery County	2.50%	5.50%	4.80%	2.50%	6.77%	5.50%		0.00%	3.00%	2.00%	1.00%	
Fairfax County	4.00%	4.32%	4.37%	4.40%	4.98%	4.98%		0.00%	2.00%	4.70%	0.00%	2.29%
Chesterfield County	2.50%	4.00%	3.00%	4.00%	5.25%	4.00%	0.00%	0.00%	2.00%	1.00%	1.00%	1.00%
Norfolk	4.00%	4.00%	4.00%	4.50%	4.50%	3.50%	0.00%	0.00%	0.00%	2.00%	2.00%	
Chesapeake	3.00%	3.00%	4.00%	4.00%	4.50%	3.00%	0.00%	1.50%	1.50%	0.00%	1.60%	3.00%
Virginia Beach	6.00%	5.00%	6.50%	4.50%	3.50%	2.50%	0.00%	0.00%	2.50%	1.00%	3.00%	1.66%
Albemarle County	3.19%	4.40%	3.95%	4.00%	3.35%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.30%
Augusta County	4.00%	4.00%	4.00%	3.83%	3.06%	3.06%		0.00%	0.00%	0.00%	4.00%	
<b>Locality Average</b>	<b>3.31%</b>	<b>3.85%</b>	<b>3.90%</b>	<b>3.78%</b>	<b>4.40%</b>	<b>3.35%</b>	<b>0.00%</b>	<b>0.35%</b>	<b>1.10%</b>	<b>1.37%</b>	<b>1.86%</b>	<b>1.75%</b>
<b>State Employees</b>	<b>2.25%</b>	<b>3.00%</b>	<b>4.40%</b>	<b>4.50%</b>	<b>4.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>5.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.00%</b>	<b>0.00%</b>

State 5% increase in FY 11 was offset by 5% contribution to VRS

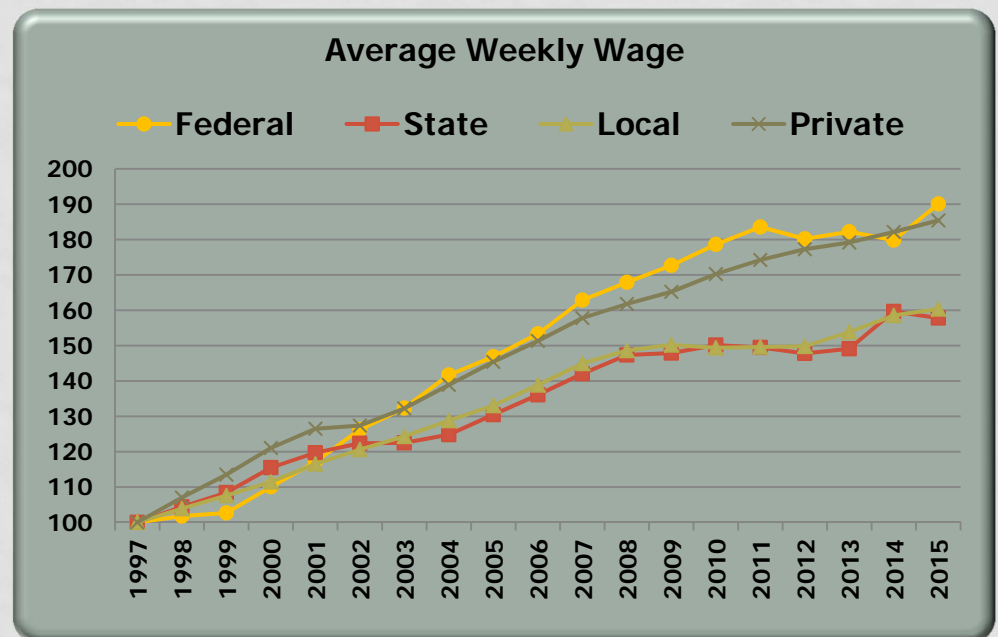


# COMPENSATION

## STATE SALARIES

- State employees wages have been lower than all other sectors since 2003
- Take home pay increased 8/10/15 for the first time since 2007
  - 2011 increase of 5% was offset by the 5% employee contribution to VRS
  - 2013 increase of 2.73% was offset by the payroll tax
- Buying power has decreased since 2000

Year	CPI % Change	Cumulative CPI% Change	Salary Increase % Change	Cumulative Salary Increase % Change
2000	3.4	3.4	3.25	3.25
2001	2.8	6.2	0.00	3.25
2002	1.6	7.8	0.00	3.25
2003	2.3	10.1	2.25	5.50
2004	2.7	12.8	3.00	8.50
2005	3.4	16.2	4.40	12.90
2006	3.2	19.4	4.00	16.90
2007	2.8	22.2	4.00	20.90
2008	3.8	26.0	0.00	20.90
2009	-0.4	25.6	0.00	20.90
2010	1.6	27.2	0.00	20.90
2011	3.2	30.4	5.00	25.90
2012	2.1	32.5	0.00	25.90
2013	1.5	34.0	2.73	28.63
2014	1.6	35.6	0.00	28.63
2015	0.1	35.7	3.86	32.49



# COMPENSATION

## NATIONAL PAY RANKING OF STATES

State	Federal Government		State Gov		Local Gov		Private Industry		State Avg as % of Private Avg	State Ranking
	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking		
Alabama	77,550	4	49,728	26	38,371	32	42,359	37	117%	14
Alaska	76,174	8	56,624	13	47,660	12	52,625	12	108%	25
Arizona	70,362	24	53,853	18	43,456	20	46,541	21	116%	17
Arkansas	64,303	40	42,591	46	36,055	45	39,720	46	107%	26
California	76,502	6	69,810	1	57,954	3	58,507	5	119%	13
Colorado	74,184	11	56,656	12	43,756	19	53,070	11	107%	31
Connecticut	71,978	19	65,894	4	53,741	7	64,813	2	102%	44
Delaware	68,187	29	52,503	22	50,202	11	53,260	9	99%	41
Florida	70,848	22	46,272	36	46,666	16	44,057	30	105%	35
Georgia	71,007	20	42,972	45	38,254	33	48,841	18	88%	50
Hawaii	72,562	18	47,314	33	59,712	2	42,583	36	111%	27
Idaho	63,408	43	42,143	47	32,593	49	37,962	48	111%	19
Illinois	73,274	13	66,681	3	47,497	15	54,286	7	123%	8
Indiana	67,777	30	45,409	39	36,649	42	42,719	35	106%	28
Iowa	60,206	48	63,884	5	38,784	31	41,972	39	152%	1
Kansas	63,430	42	49,786	25	33,124	47	43,530	33	114%	20
Kentucky	61,772	45	44,466	42	37,696	36	41,783	40	106%	29
Louisiana	67,145	32	47,960	31	37,622	37	45,792	24	105%	30
Maine	69,576	27	41,810	49	36,937	40	39,967	45	105%	32
Maryland	94,156	1	54,685	17	52,046	9	53,139	10	103%	40
Massachusetts	75,549	9	62,465	7	55,867	6	64,732	3	96%	43
Michigan	72,719	16	59,107	10	44,533	17	48,090	19	123%	7
Minnesota	67,750	31	59,350	9	44,250	18	51,958	15	114%	18
Mississippi	64,906	39	43,832	44	33,407	46	36,501	50	120%	10
Missouri	64,919	37	40,683	50	37,780	35	44,700	28	91%	47

Source: 2014 Bureau of Labor Statistics data based on payroll records of what is actually paid out to employees as reported quarterly to employment commissions

# COMPENSATION

## NATIONAL PAY RANKING OF STATES

### Virginia Pay Ranking

- 2nd in Federal Government
  - same as 2010, 2011, 2012, & 2013
- 13th in Private Industry
  - Down from 11<sup>th</sup> in 2013 & 2012, 9<sup>th</sup> in 2011 & 8<sup>th</sup> in 2010
- 25th in Local Government
  - Down from 24<sup>th</sup> in 2013 and 23<sup>rd</sup> in 2010 and same as 2012, & 2011 & down from 23<sup>rd</sup> in 2010
- 34th in State Government
  - Down from 33<sup>rd</sup> in 2013 & 32<sup>nd</sup> in 2012 & 2010 and same as 2011
- 49th in State average as a percent of Private average
  - Same as 2013 & down from 47<sup>th</sup> in 2012, & 48th in 2010 & 2011

State	Federal Government		State Gov		Local Gov		Private Industry		State Avg as % of Private Avg	State Ranking
	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking		
Montana	63,252	44	44,572	41	36,973	39	37,866	49	118%	11
Nebraska	64,046	41	48,435	30	39,415	29	40,642	42	119%	9
Nevada	66,999	33	48,548	29	52,373	8	43,536	32	112%	24
NewHampshire	74,805	10	48,716	28	42,894	22	51,810	16	94%	45
NewJersey	76,198	7	67,460	2	59,917	1	60,171	4	112%	23
NewMexico	70,870	21	50,684	24	36,605	43	40,748	41	124%	6
NewYork	73,858	12	59,960	8	56,778	4	67,182	1	89%	48
NorthCarolina	65,086	36	46,518	35	40,722	26	45,028	27	103%	33
NorthDakota	60,269	47	51,050	23	37,188	38	52,079	14	98%	42
Ohio	72,745	15	58,751	11	43,351	21	45,482	25	129%	3
Oklahoma	66,390	34	44,648	40	36,298	44	44,089	29	101%	37
Oregon	69,775	26	47,470	32	47,655	13	45,910	23	103%	36
Pennsylvania	70,474	23	56,236	14	47,560	14	50,306	17	112%	21
RhodeIsland	78,821	3	63,223	6	55,980	5	47,457	20	133%	2
SouthCarolina	64,915	38	44,466	42	40,228	27	40,165	44	111%	22
SouthDakota	59,798	50	45,412	38	31,894	50	38,628	47	118%	12
Tennessee	77,134	5	46,127	37	38,237	34	45,330	26	102%	38
Texas	72,879	14	52,900	20	42,584	24	54,217	8	98%	46
Utah	65,522	35	48,755	27	32,964	48	42,996	34	113%	16
Vermont	69,254	28	52,730	21	39,047	30	42,165	38	125%	5
Virginia	87,246	2	47,174	34	42,379	25	52,563	13	90%	49
Washington	72,715	17	55,753	16	51,747	10	54,897	6	102%	39
WestVirginia	69,985	25	42,009	48	36,898	41	40,496	43	104%	34
Wisconsin	61,471	46	56,218	15	40,089	28	43,646	31	129%	4
Wyoming	60,090	49	52,928	19	42,862	23	46,411	22	114%	15

Source: 2014 Bureau of Labor Statistics data based on payroll records of what is actually paid out to employees as reported quarterly to employment commissions

# COMPENSATION MARKET

- State salaries for certain positions deviate from the private sector on average by – 21.2%

## Average Performance Increase

- FY15 Market movement 2.66%
- FY16 Forecast 2.66%
- FY16 Projected State Deviation -23.38%

## Average Structure Adjustments

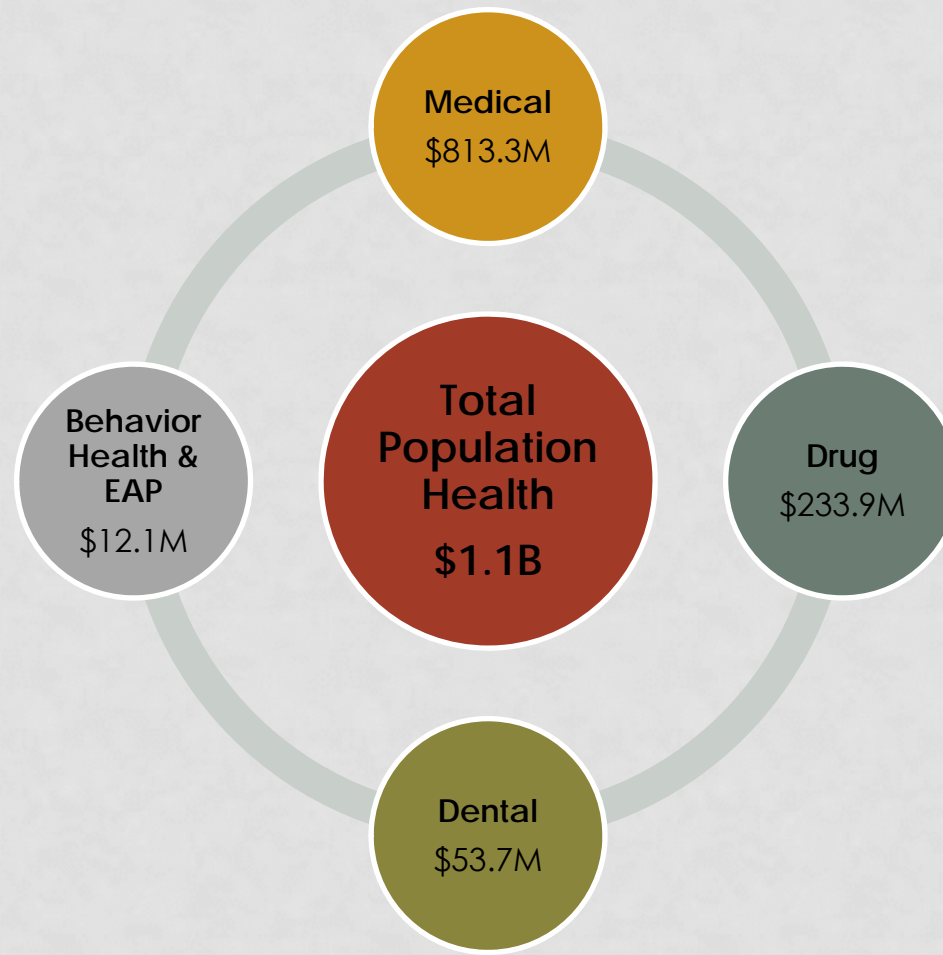
- FY15 Actual 1.98%
- FY16 Forecast 1.98%

Occupation	Private Industry Average Salary	Average Virginia Employee Salary	Deviation
Attorney	145,224	80,138	-81.20%
Environmental Engineer	108,012	67,748	-59.40%
Marketing Specialist	84,355	54,018	-56.20%
Generic Engineer Supv	160,631	110,279	-45.70%
Accountant	83,604	60,405	-38.40%
Internal Auditor	83,604	60,405	-38.40%
Systems Analysis Supv	104,677	78,061	-34.10%
Chemist	89,957	67,145	-34.00%
Employee Training Specialist	74,073	58,297	-27.10%
Truck Driver, Light	29,449	23,639	-24.60%
HR Admin Supv	133,300	107,287	-24.20%
Laboratory Aide	52,810	43,330	-21.90%
Data Base Administrator	96,713	83,431	-15.90%
Security Guard, Unarmed	33,823	29,725	-13.80%
Maintenance Electrician	50,575	46,155	-9.60%
Yard Laborer/Janitorial Supv	32,758	30,519	-7.30%
Staff RN	67,698	64,009	-5.80%
Cook	26,865	25,581	-5.00%
Physical Therapist	90,254	88,323	-2.20%
Architect	87,924	86,412	-1.80%
Medical Lab Tech	58,824	58,037	-1.40%
Mail Clerk	28,761	28,582	-0.60%
Secretary	36,417	37,171	2.00%
Social Worker (MSW)	47,716	52,221	8.60%
Cashier	26,304	28,821	8.70%
<b>Average</b>			-21.20%

# STATE EMPLOYEE HEALTH INSURANCE



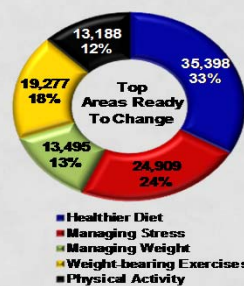
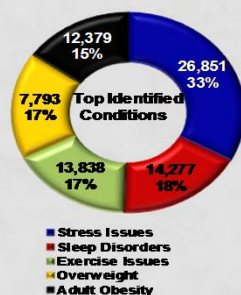
# TOTAL POPULATION HEALTH CLAIMS





# TOTAL POPULATION HEALTH

Identified in Health Assessment  
As of June 30, 2015



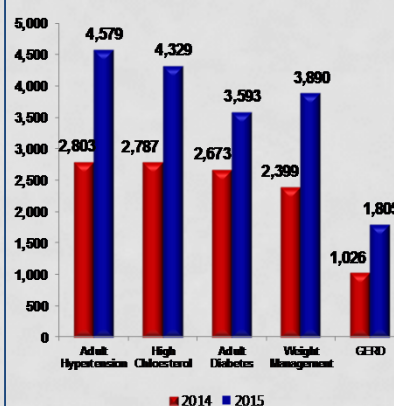
Source: ActiveHealth Management

## 2015 Weight of State Population

### Body Mass Index (BMI)



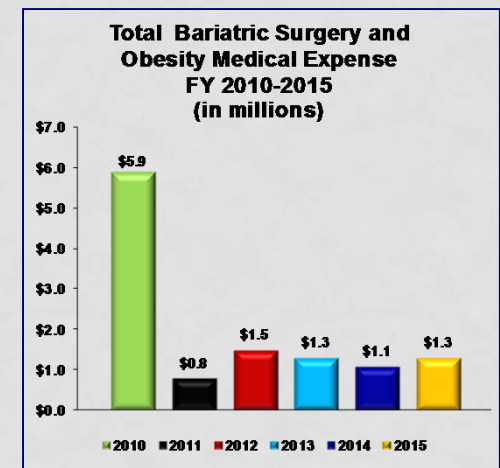
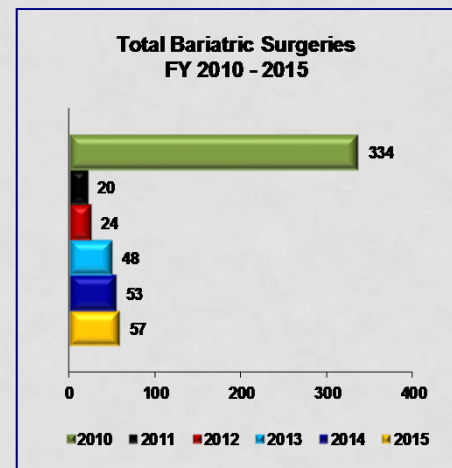
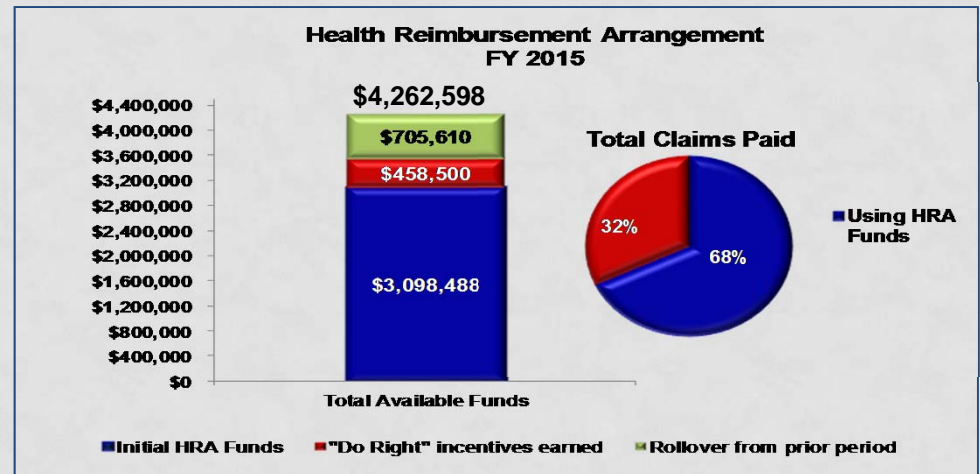
### Nurse Engaged Members Top Five Conditions Identified



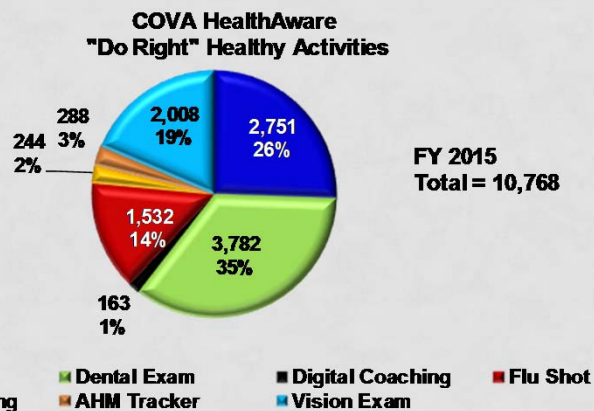
- **Employee engagement**
  - Cost and quality tools
  - Healthy lifestyle coaching
  - Financial rewards
  - Education
- **Top conditions identified in health assessment**
  - Stress issues
  - Sleep disorders
  - Lack of exercise
- **Conditions correlate with obesity**
  - 70% of state plan members overweight or obese

# INNOVATION

- **COVA HealthAware**  
Consumer driven health plan
  - Increase member accountability
  - Manage health spending
- **Bariatric surgery program**
  - Improve health outcomes
  - 88% decline in cost since 2010
- **Value Based Insurance Design**
  - Diabetes
  - Hypertension
  - Asthma
  - COPD
- **Medication Therapy Management**
  - 3,614 safety alerts
  - Higher medication adherence
  - Closing of gaps in care



# INCENTIVES



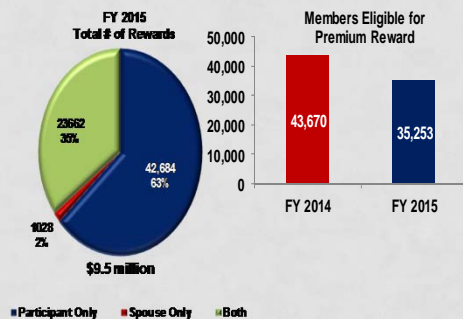
- **Premium Rewards**

- 35,253 eligible
- Earned \$9.5 million

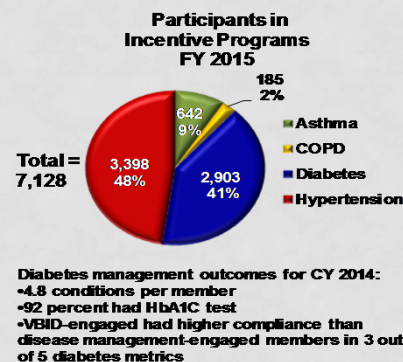
- **"Do Rights"**

- Applies to COVA HealthAware
- Earned by employees/retirees & spouses for healthy activities
- Receive \$50 each for up to 3 "do rights"

**Member Premium Rewards**



**Value-Based Insurance Design  
COVA Care and COVA HealthAware**

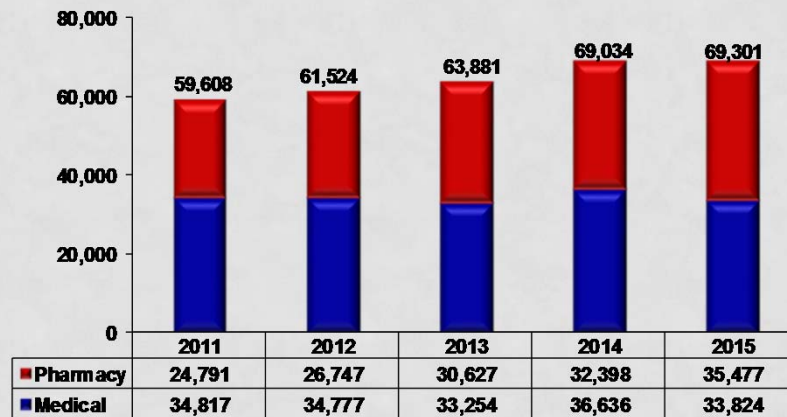


- **VBID Programs**

- 7,128 total engaged
- Diabetes program compliance rates higher than other similar Active Health programs

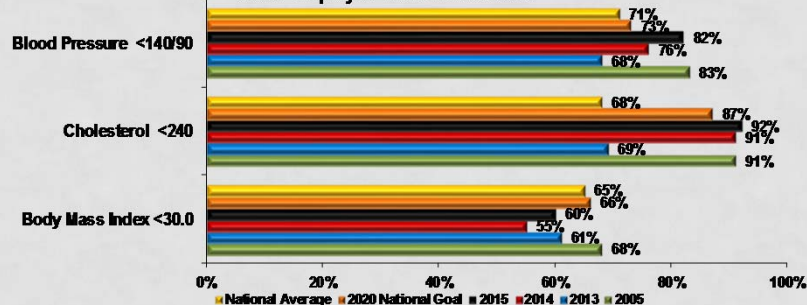
# WELLNESS AND PREVENTIVE

**Total Flu Shots  
State Health Plan Members**



- Preventive cancer screenings
  - No cost to members
- Biometric screenings
  - Hypertension
  - Cholesterol
  - BMI
- Healthy Lifestyles coaching
  - Helps members stay on track
- Flu shots
  - Paid at 100%

**State Employee Health Measures**



Sources: ActiveHealth Management 2015 biometric screenings, Commercial Health biennial health checks of select employee groups, the Centers for Disease Control and Prevention, and Healthy People 2020.

**Preventing Screenings  
Cost and Volume**

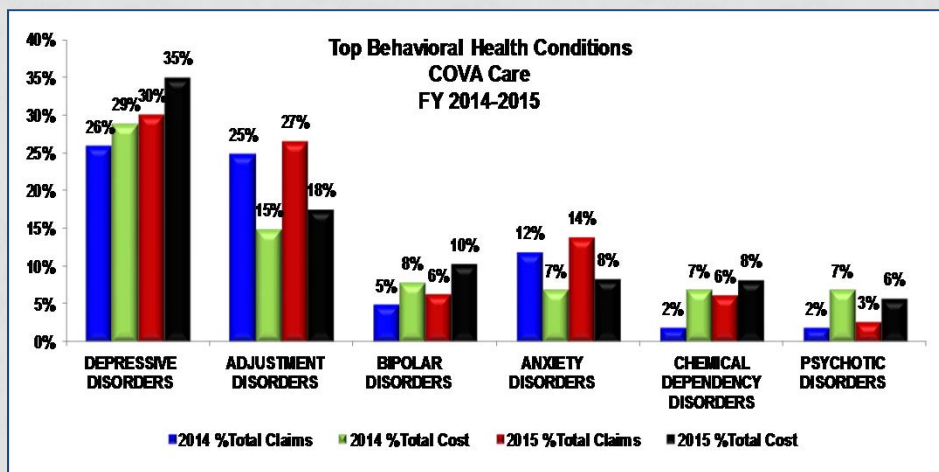




# FY 2015 HEALTH BENEFITS TOP TEN CLAIMS EXPENSE

## TOP TEN CLAIMS EXPENSE

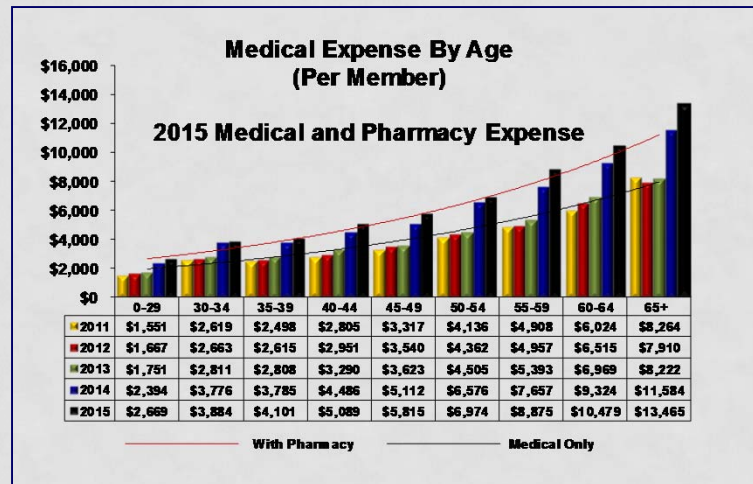
- \$771 million of total plan expense
- 75% of total plan expense
- Obesity related
  - Diabetes
  - Coronary artery disease
  - Hypertension
  - Musculoskeletal disorders
  - Digestive disorders
- High cost specialty drugs required
  - Rheumatoid arthritis
  - Multiple sclerosis



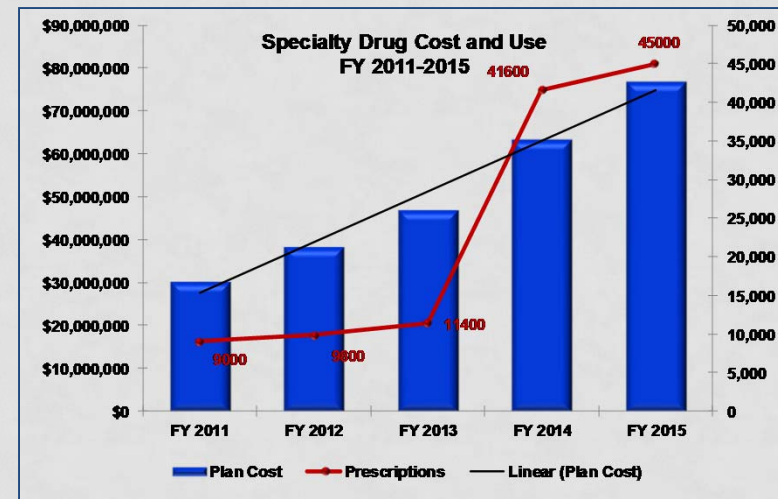
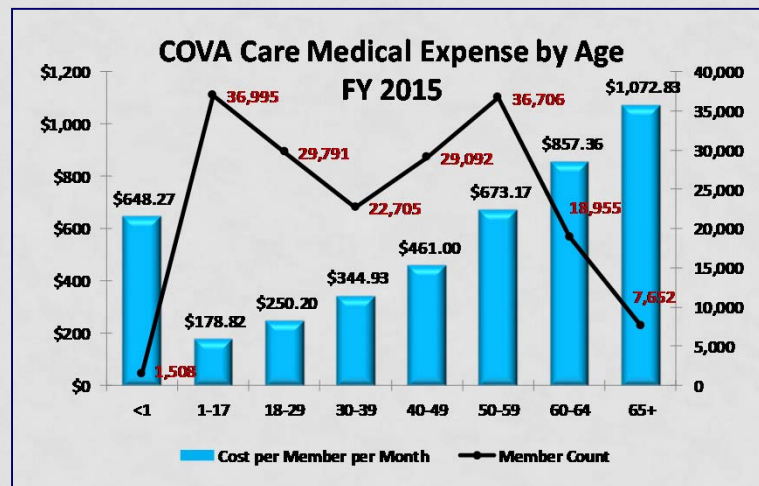
## “Top Ten” Claims Expense

Medical Procedures	Chronic Conditions	Chronic Conditions Managed through Preventive Medicine	Prescription Drugs
<ol style="list-style-type: none"> <li>1. V-Codes—health services not classified as disease or injury, ill-defined symptoms, undetermined causes</li> <li>2. Musculoskeletal</li> <li>3. Oncology</li> <li>4. Cardiovascular</li> <li>5. Gastrointestinal</li> <li>6. Obstetrics</li> <li>7. Accidental Injury</li> <li>8. Neurology</li> <li>9. Gynecology</li> <li>10. Pulmonary</li> </ol>	<ol style="list-style-type: none"> <li>1. V-Codes—health services not classified as disease or injury, ill-defined symptoms, undetermined causes</li> <li>2. Musculoskeletal</li> <li>3. Oncology</li> <li>4. Cardiovascular</li> <li>5. Diabetes, Obesity and Lipid Disorders</li> <li>6. Gastrointestinal</li> <li>7. Neurology</li> <li>8. Mental health</li> <li>9. Pulmonary</li> <li>10. Renal/Urology</li> </ol>	<ol style="list-style-type: none"> <li>1. Coronary artery disease</li> <li>2. Breast cancer</li> <li>3. Cerebrovascular disease</li> <li>4. Diabetes</li> <li>5. Hypertension</li> <li>6. Obesity</li> <li>7. Skin cancer</li> <li>8. Lung cancer</li> <li>9. Substance abuse</li> <li>10. Oral cancer</li> </ol>	<ol style="list-style-type: none"> <li>1. Humira - rheumatoid arthritis</li> <li>2. Nexium - stomach acid</li> <li>3. Enbrel - rheumatoid arthritis</li> <li>4. Crestor - high cholesterol</li> <li>5. Abilify - depression</li> <li>6. Lantus solostar - diabetes</li> <li>7. Tecfidera - multiple sclerosis</li> <li>8. Harvoni - hepatitis C</li> <li>9. Victoza 3-Pak - diabetes</li> <li>10. Copaxone—multiple sclerosis</li> </ol>
<b>77.1% of Medical Services</b> <b>82.9% of Medical Expense</b>	<b>77% of Medical Services</b> <b>63% of Medical Expense</b>	<b>9.1% of Medical Services</b> <b>11.8% of Medical Expense</b>	<b>2.7% of Prescriptions</b> <b>20.9% of Pharmacy Expense</b>
<small>Note: These areas may not be mutually exclusive. Prescription drug list excludes compounded pharmaceuticals. Source: Health Data &amp; Management Solutions, Inc. (HDMS).</small>			

# COST DRIVERS



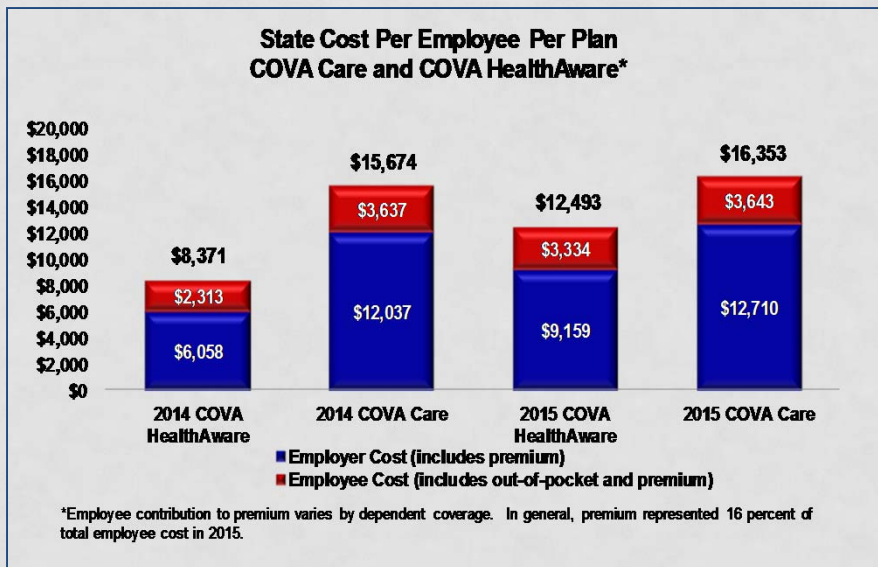
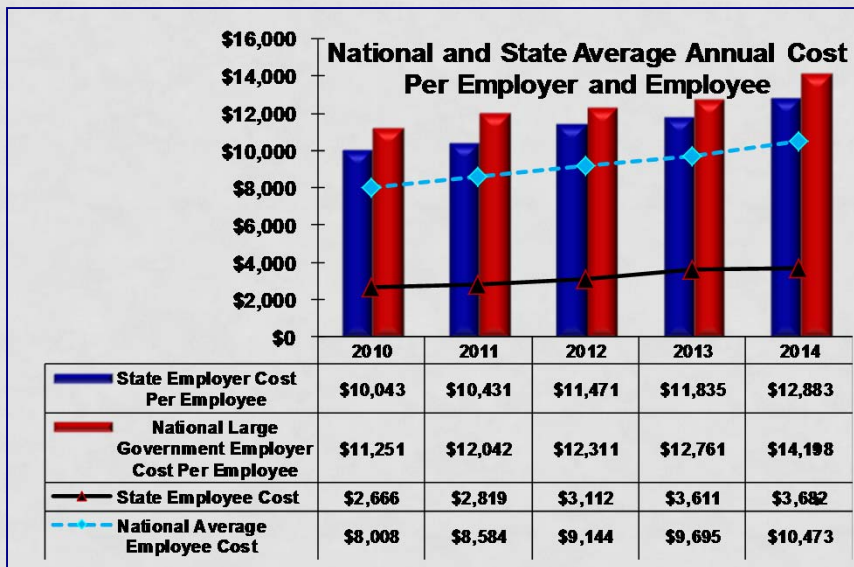
- Expensive procedures
- Treatment of chronic conditions
- Employee lifestyle
- Average employee age
- Prescription drug therapy cost
  - 5 times more specialty prescriptions filled than in 2011
  - 2.5 times cost of specialty drugs than in 2011





# COST OF COVERAGE

- **\$16,565 total cost per employee** in FY 2015
  - 8.8% increase from prior year
- **COVA Care**
  - \$16,353 total cost per employee
  - 4.3% higher than prior year
- **COVA HealthAware**
  - \$12,493 total cost per employee
  - 49.2% higher than prior year



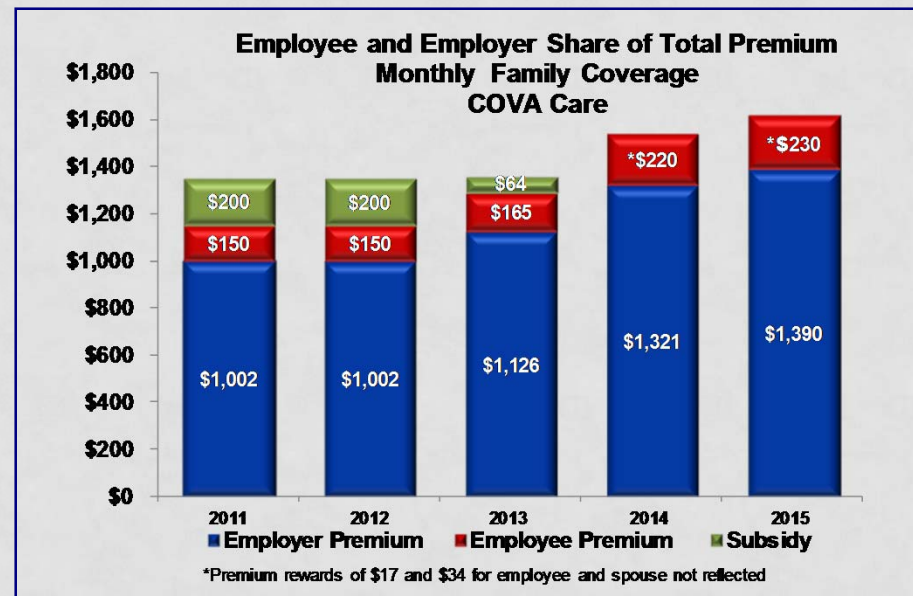
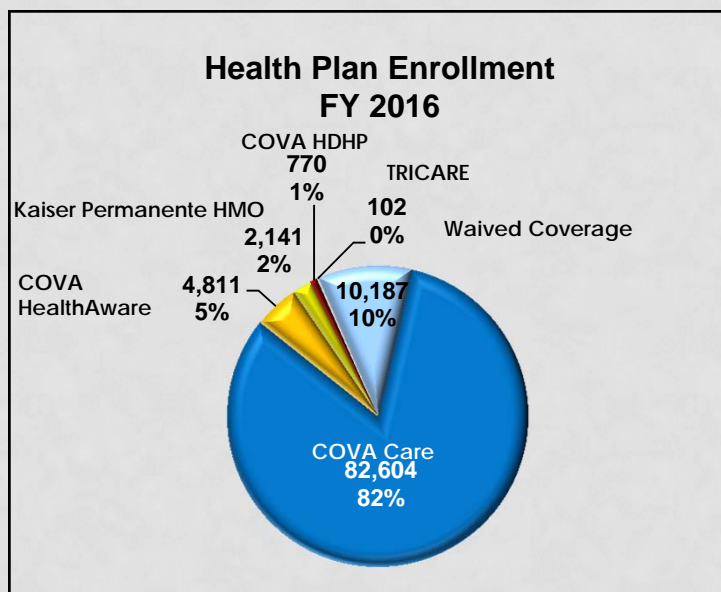
# PLAN ENROLLMENT AND PREMIUMS

- **Plan Enrollment**

- 100,615 employees eligible for state health benefits
- 90,428 employees enrolled in all plans
- 197,030 members enrolled in all plans

- **Premiums**

- 16% - employee
- 84% - state



# FY 2016 HEALTH BENEFITS RATES

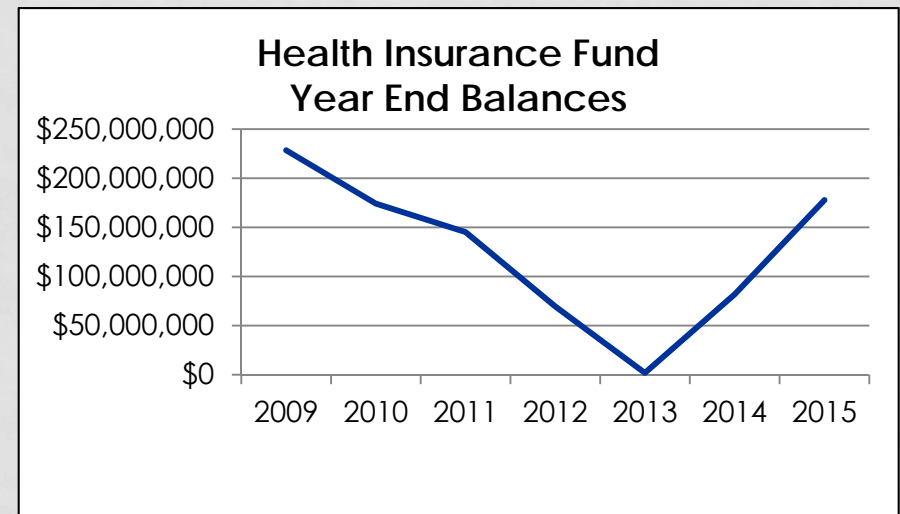
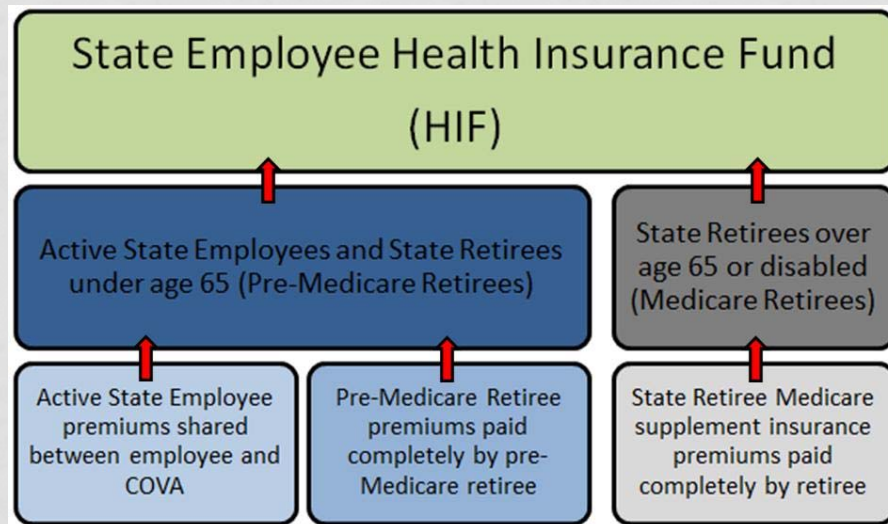
- Includes health care reform costs
- Assumes employee and spouse receive Premium Rewards

PLAN	Current Monthly Cost			Proposed Monthly Change			Proposed Monthly Cost		
	Employee Only	Employee Plus One	Employee Plus 2 or More	Employee Only	Employee Plus One	Employee Plus 2 or More	Employee Only	Employee Plus One	Employee Plus 2 or More
COVA Care Basic									
Employee	\$59	\$141	\$201	\$0	\$0	\$0	\$59	\$141	\$201
Employer	\$543	\$973	\$1,427	\$58	\$106	\$155	\$601	\$1,079	\$1,582
<b>TOTAL PREMIUM</b>	<b>\$ 602</b>	<b>\$ 1,114</b>	<b>\$1,628</b>	<b>\$58</b>	<b>\$ 106</b>	<b>\$155</b>	<b>\$660</b>	<b>\$1,220</b>	<b>\$1,783</b>
COVA HealthAware Basic									
Employee	\$6	\$44	\$56	(\$2)	(\$2)	(\$3)	\$4	\$42	\$53
Employer	\$ 543	\$973	\$ 1,427	\$52	\$93	\$ 136	\$595	\$1,066	\$1,563
<b>TOTAL PREMIUM</b>	<b>\$ 549</b>	<b>\$ 1,017</b>	<b>\$1,483</b>	<b>\$50</b>	<b>\$91</b>	<b>\$133</b>	<b>\$599</b>	<b>\$1,108</b>	<b>\$1,616</b>

# HEALTH INSURANCE FUND

## Plan 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 – \$177.7 million



# STATE EMPLOYEE INFORMATION TECHNOLOGY



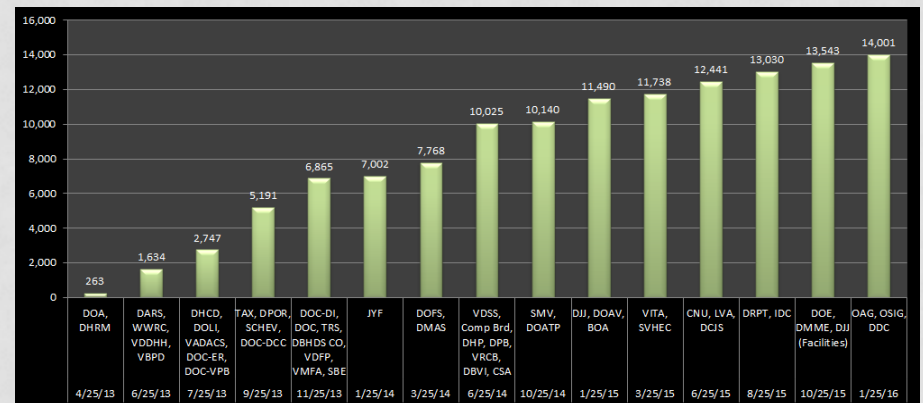
# INFORMATION TECHNOLOGY PMIS MIGRATION PROJECT

- **What:** Migrate all DHRM's systems running on the Unisys Mainframe to a modern environment by July 1, 2016
- **Why:** Money and people
  - **Cost Avoidance** - ~ \$15 million in new charges annually for full cost of mainframe if DHRM is the sole user of the system
  - **Staffing Issues** – 80% of the Unisys mainframe systems are eligible for retirement and there is a dwindling pool of resources that can support the system
- **Who:** Procure vendor services to translate the system from its legacy technologies to modern ones
- **When:** Executed statement of work in February 2015 and transition from Unisys mainframe to new environment by June 2016
- **How Much:** \$2.72 million appropriated in FY15 and \$2.72 million in FY16, with unused FY15 funds needed in FY16
- **Status:** Budget –  Scope –  Schedule – 



# INFORMATION TECHNOLOGY TIME, ATTENDANCE & LEAVE

- **Delivered on time and on budget**
  - Went live on April 25, 2013 as scheduled
  - Cost \$702,923 for in-house development, which was on budget
- **Customers**
  - Phased rollout
  - 50 agencies with 13,998 employees as of January 2015
  - Additional 8 agencies with 1,730 employees scheduled through June 2015
  - First college with over 1200 employees
  - Other agencies are considering system
- **Awards**
  - 2014 Governor's Technology Award – IT as Efficiency Driver – Government to Government
  - 2014 VITA Project Management Summit – Project Excellence Award – 1<sup>st</sup> Place



# INFORMATION TECHNOLOGY COMMONWEALTH OF VIRGINIA KNOWLEDGE CENTER

- **Training** shared within and across agencies
  - 29,534 classes provided last year
  - Delivers mandatory training to all state agencies
  - Provides a more efficient and effective method of maximizing training at an acceptable cost
- **Customers**
  - 243 participating state agencies
  - 54 nonparticipating agencies
  - 134,982 state employees subscribed
  - 60,755 state employees accounts with frequent activity
  - 249,913 other subscribed users
- **Funding**
  - Hosted fee charged to participating agencies
  - Proposed Budget provides for additional staff and one-time software upgrades