

TRAVIS COUNTY COMMISSIONERS COURT AGENDA REQUEST

Please consider the following item for: (fill in date of meeting)

DATE OF VOTING SESSION: March 12, 2009 Work Session

A. REQUEST MADE BY: Dr. Geraldine Nagy, Director  
Travis County Adult Probation  
(Elected/Appointed Official/Executive Mgr/County Attorney)

B. REQUESTED TEXT:

PRESENTATION ON AND DISCUSSION OF TRAVIS COUNTY ADULT PROBATION'S TRAVIS COMMUNITY IMPACT SUPERVISION (TCIS) INITIATIVE OUTCOMES INCLUDING:

- 1. TCIS – A HISTORY AND OVERVIEW
- 2. GENERAL OUTCOMES
- 3. OFFENDER/PROGRAM OUTCOMES

COUNTY JUDGE OR COMMISSIONER

- A. Any backup material to be presented to the Court must be submitted with this Agenda Request (Original(s) & 8 copies).
- B. Please list all of the agencies or officials' names and telephone numbers that might be affected by or involved with this request. The originating department should send a copy of this Agenda Request and backup to them:

REQUIRED AUTHORIZATIONS: PLEASE CHECK IF APPLICABLE:

- Additional funding for any department or for any purpose
- Transfer of existing funds within or between any line item budget
- Grant

PURCHASING OFFICE (854-9700)

Bid, Purchase Contract, Request for Proposals

COUNTY ATTORNEY'S OFFICE (854-9415)

Contract, Agreement, Policy & Procedure

RECEIVED  
COUNTY JUDGE'S OFFICE  
09 MAR -3 PM 3:30

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted to County Judge's office, Room 520, in writing by Tuesdays at 12:00 p.m. for the next week's meeting. Late or incomplete requests may be deferred to the following week's meeting.

***Travis Community Impact Supervision (TCIS)  
Outcome Results***

***Dr. Tony Fabelo  
Justice Center, Council of State Governments***

***Dr. Geraldine Nagy  
Director, Travis CSCD***

**Presentation to Travis Commissioners Court**

**Austin, Texas**

***March 12, 2009***

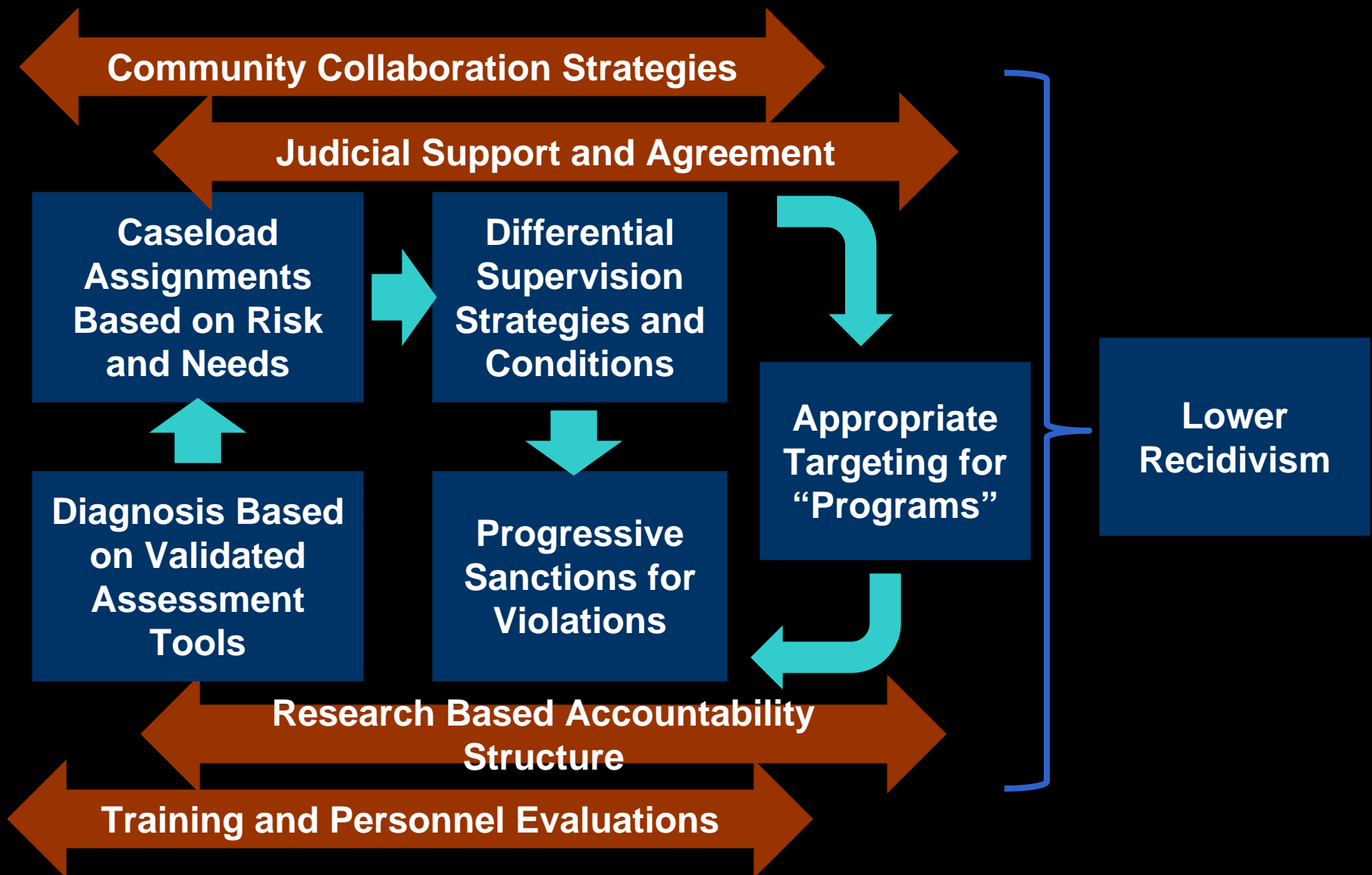
# Overview

**Project Overview**

**General Outcomes**

**Offender/Program Outcomes**

# Organizational Model for EBP Implementation





# Travis Project is a Collaborative Effort to Develop a Solid EBP Probation Model for Replication

Adult Probation (CSCD)

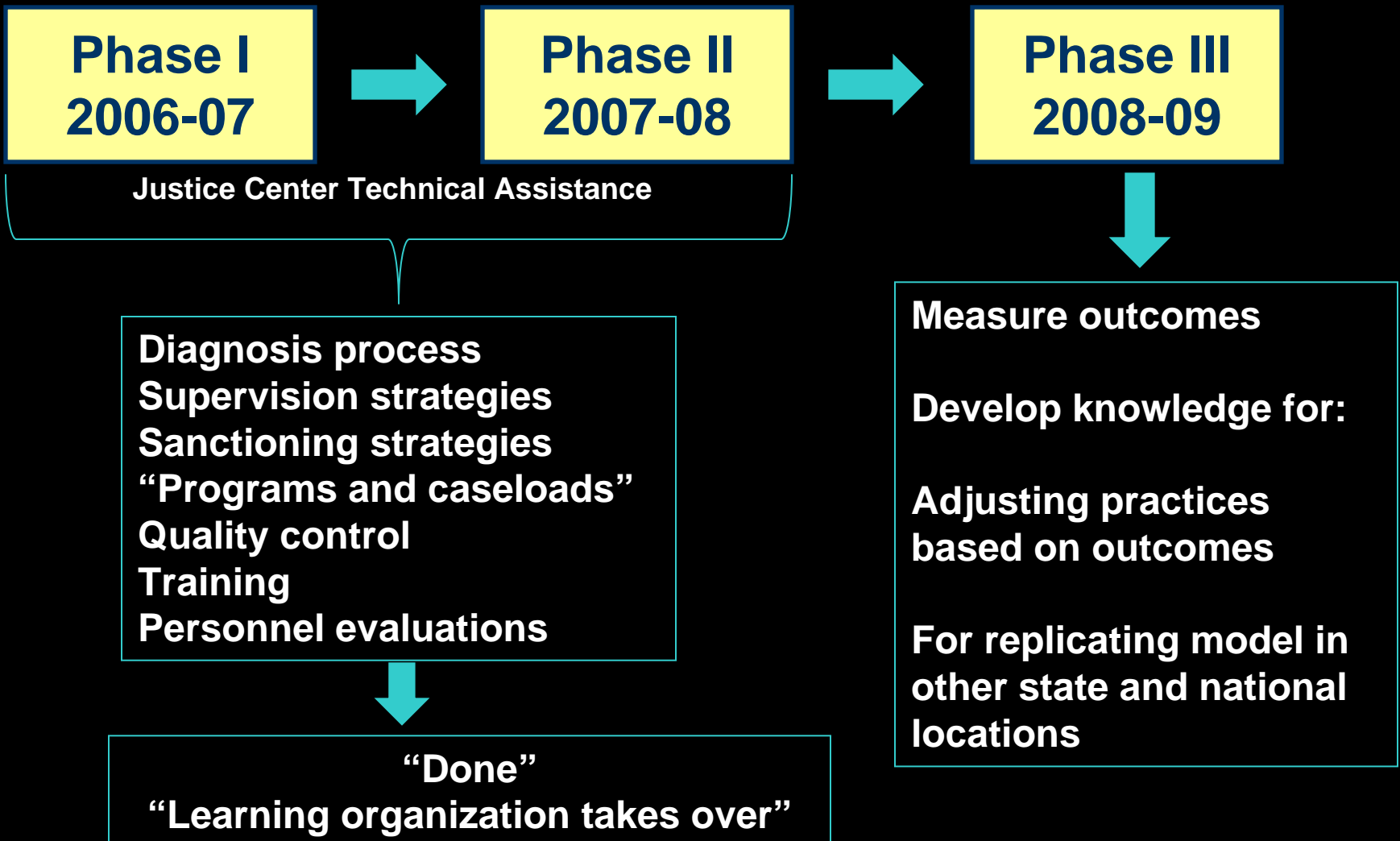
**Travis Community Impact Supervision (TCIS) Initiative**



**Community Justice Assistance Division (CJAD)**

**JUSTICE CENTER**  
THE COUNCIL OF STATE GOVERNMENTS

# Methodical Changes Over Three Years



# Key Reports Accessible to All

@[http://www.co.travis.tx.us/community\\_supervision/TCIS\\_Initiative.asp](http://www.co.travis.tx.us/community_supervision/TCIS_Initiative.asp)

## *Justice System Practices that Work Conference - June 29, 2006*

- o [Conference Agenda](#)
- o [Ed Latessa Presentation](#)
- o [Eric Cadora Mapping Presentation](#)
- o [Eric Cadora Mapping Presentation](#)
- o [Dr. Geraldine Nagy and Dr. Tony Fabelo Presentation](#)

### Reports

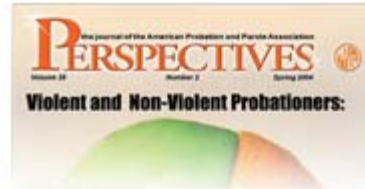
- o [2008 TCIS Progress Report](#)
- o [2007 TCIS Progress Report](#)
- o [Incubator I - TCIS: An Incubator Site to Improve Probation](#)
- o [Incubator II - Better Diagnosis: The First Step to Improve Probation Supervision Strategies](#)
- o [Incubator III - Guiding Justice Decisions with Risk Assessment Instruments](#)
- o [Incubator IV - Assessing Supervision Needs: A Profile of the Travis Probation Population](#)
- o [Incubator V - Thinking About Location: Orienting Probation to Neighborhood Based Supervision](#)
- o [Incubator VI - Resource Report: Central Diagnosis Assessment Forms](#)
- o [Incubator VII - The Logistics of Implementing a Central Diagnosis Unit](#)
- o [Incubator VIII - Outcome Tracking Reporting for Improving Probation Management Strategies](#)
- o [Incubator IX - Measuring Process Efficiency to Improve Probation Management Strategies](#)
- o [Incubator X - Strengthening the Management and Treatment of Sex Offenders While on Probation](#)
- o [Incubator XI - TCIS Two Year Department Reassessment](#)

# National Exposure

STREAMLINING AND  
STRENGTHENING  
ASSESSMENTS WITH  
EVIDENCE-BASED  
PRACTICES:

THE TRAVIS COUNTY  
EXPERIENCE

Perspectives



Tony **Fabelo**, Ph.D. and Geraldine F. **Nagy**, Ph.D.

American Probation and Parole Association

43

*Perspectives*

Fall 2008

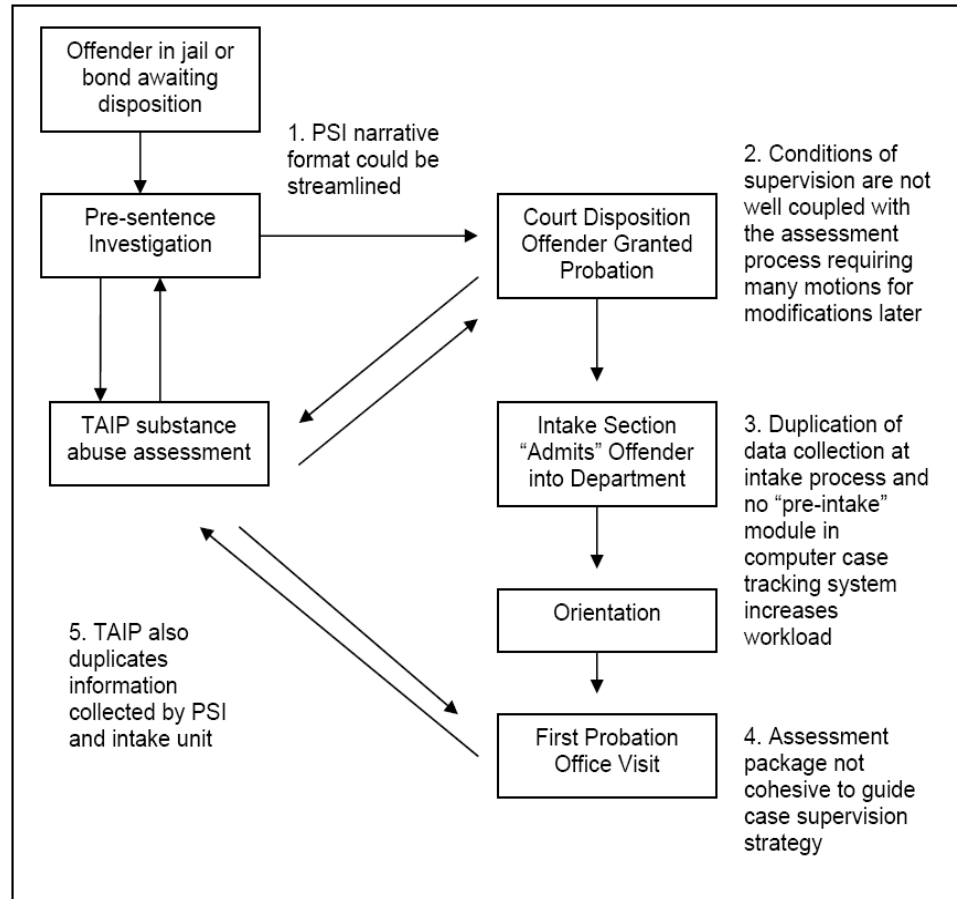
# National Reports to Guide Replication Pending

**“How to” reform probation  
along EBP blueprint based  
on Travis experience  
Spring 09**

**Travis case study with  
outcomes  
Summer 09**

The image shows a screenshot of the Justice Center website and two report covers. The website header features the Justice Center logo with a star and the text "THE COUNCIL OF STATE GOVERNMENTS". A navigation menu on the left includes links for Home, About Us, National Projects, Services, Resource, Media, and Government. Below the menu, the word "Collabor" is partially visible. Two report covers are overlaid on the website. The top cover is titled "Improving Responses to People with Mental Illnesses" and includes the subtitle "Strategies | Law Enforcement". The bottom cover is titled "Improving Responses to People with Mental Illnesses" and includes the subtitle "The Essential Elements of a Specialized Law Enforcement-Based Program". Both covers feature the Justice Center logo and the Bureau of Justice Assistance (BJA) logo.

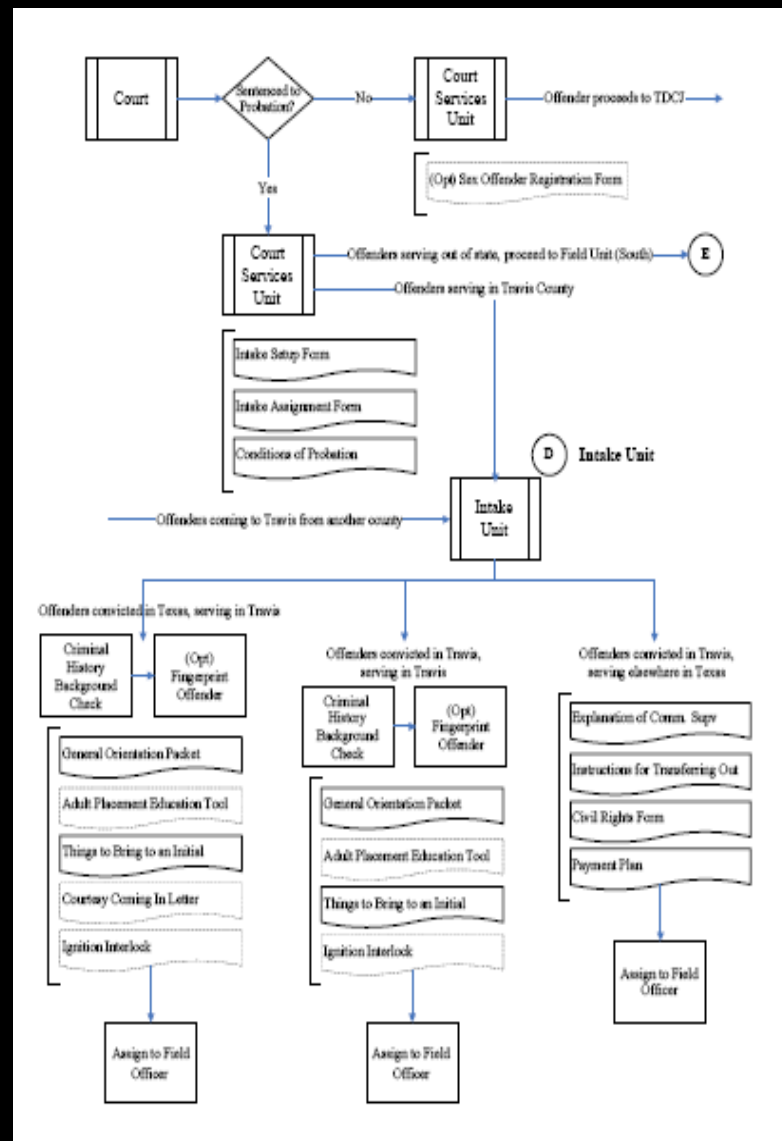
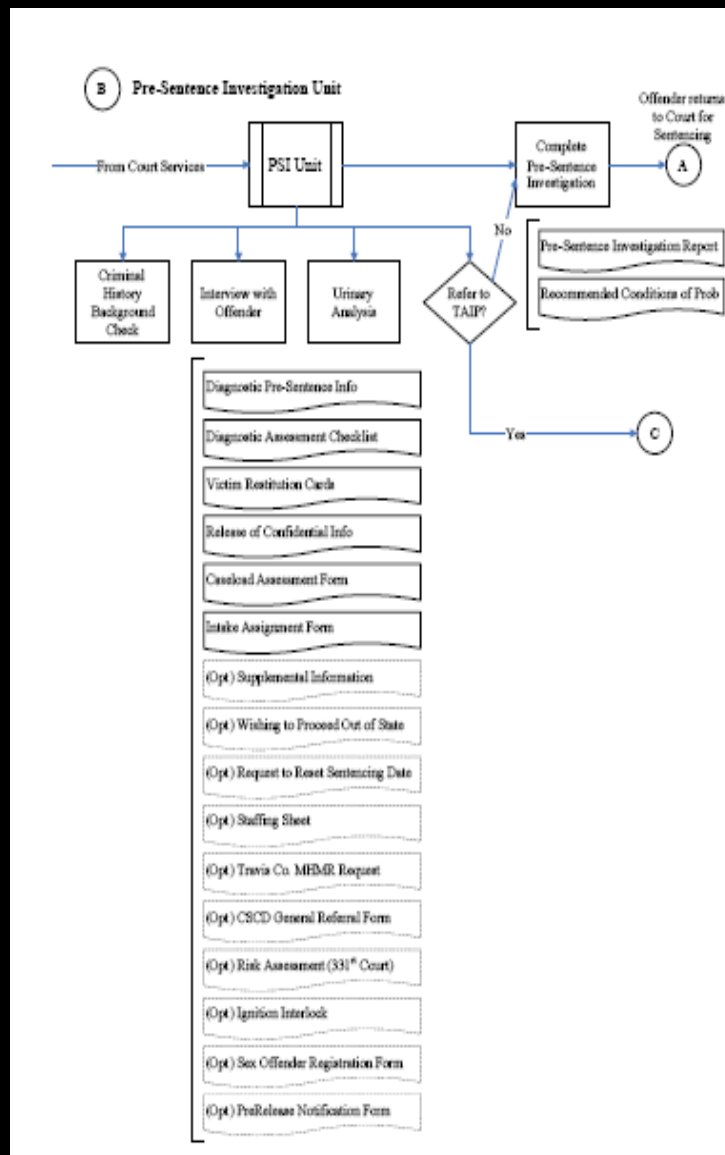
# We Changed the PSI and Intake Process that.....



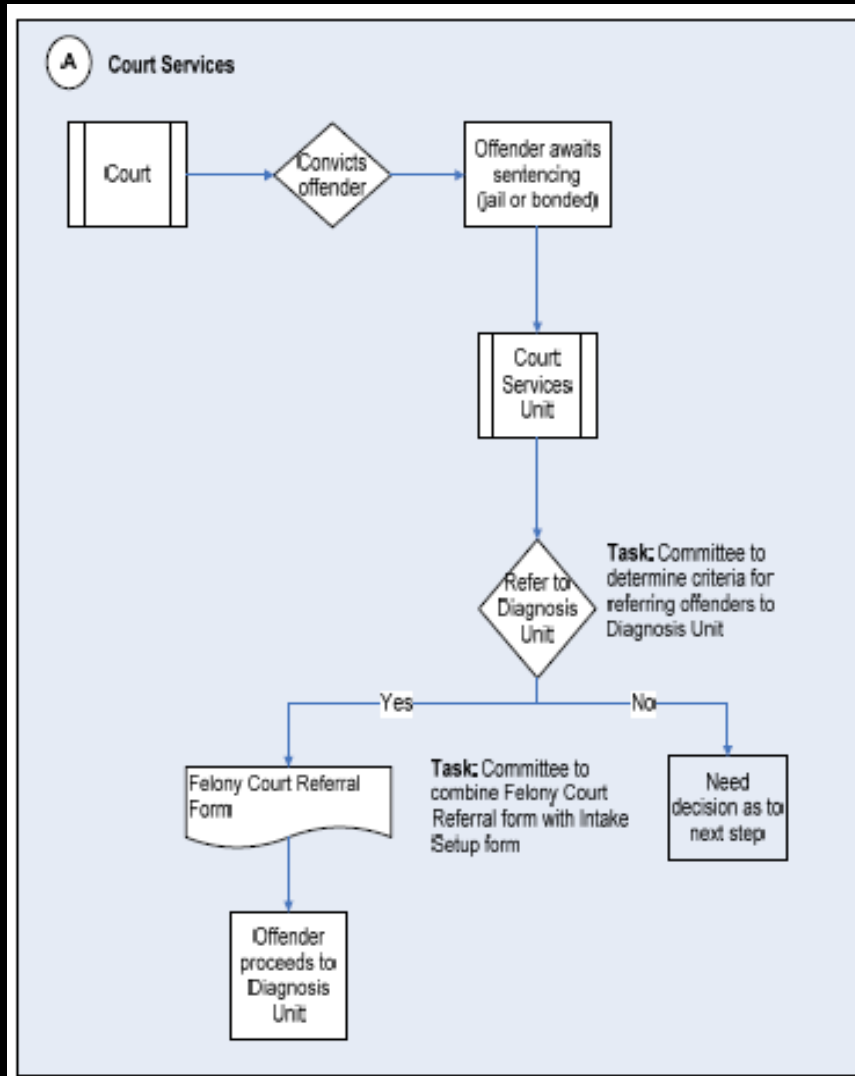
**....required offenders to show up in different places**

**.....made them submit duplicative information.....**

# ... And Involved Many Duplicative Forms.....



# With a Central Diagnosis Process.....



....that provides “one stop” for offenders

.....uses one set of diagnosis forms

.....is backed by an assessment process that uses scientifically validated tools

....and is administered by expert officers subject to centralized quality control....



# ...Creating a More Precise End Product....

## Before

### PSI

A “biography” collected using inconsistent interview protocols, with the “story telling” affected by different writing styles and utilizing no proven diagnosis tools to assess offenders

## Now

### Diagnosis Report

Identifying the offender along risk and behavioral characteristics related to supervision success using proven assessment tools and with short narratives generated from assessment instruments

# ....Using a Central Diagnosis Report .....



# ...with an Evidence Based Diagnosis Matrix....

The diagram illustrates an Evidence Based Diagnosis Matrix. It features a central table with 'Initial Risk' on the vertical axis and 'SCS Score - Classification' on the horizontal axis. The vertical axis is labeled 'Risk Score Results' with a double-headed arrow. The horizontal axis is labeled 'Criminogenic SCS Classifications' with a double-headed arrow. The table has four rows for Initial Risk (Low, Medium, High) and five columns for SCS Score - Classification (SIS, SIT, ES, CC, LS). The cells are color-coded: Low risk is yellow for SIS, SIT, ES and blue for CC, LS; Medium risk is yellow for SIS, blue for SIT, ES, and red for LS; High risk is red for all categories. A red checkmark is placed in the cell corresponding to Medium Initial Risk and CC SCS Score - Classification.

Initial Risk	SCS Score - Classification				
	SIS	SIT	ES	CC	LS
Low	Yellow	Yellow	Yellow	Blue	Blue
Medium	Yellow	Blue	Blue	Blue (with red checkmark)	Red
High	Red	Red	Red	Red	Red

# .....Matched with Supervision Strategies

Yellow	Blue	Red
<p>Lowest reporting requirements</p> <p>No need for intensive discretionary programs</p> <p>Application of low to moderate responses to administrative violations using violation grid</p> <p>Incentives for early discharge</p>	<p>Increased reporting requirements</p> <p>Mix of visits to PO and home visits by PO as necessary</p> <p>Discretionary programs to address skill/emotional deficits, mainly drug treatment, anger management and cognitive programs</p> <p>More restrictive responses to administrative violations</p> <p>Incentives to move to "Yellow" on successful reassessment</p>	<p>Highest reporting requirements of all supervision levels, including field visits by probation officer</p> <p>Use of surveillance programs, supplemented by cognitive programs and other programs as needed</p> <p>Most restrictive and swift responses to administrative violations of all supervision levels</p> <p>Incentives to move to "Blue" on successful reassessment but cannot move to "Yellow"</p>
<p>Overrides Allowed Based on Policy</p> <p>Sex Offenders and DWI Offenders Classified "Outside" Grid</p>		

# Travis MH Integrated Center



**Probation**



**MH Treatment**



**Re-Entry and Parole**

# Activities Related to Supervision/Program Strategies

Redesign conditions of supervision and develop decision rules to adopt conditions

Conduct mapping analysis to understand potential of neighborhood based caseloads

Redesign supervision strategies to match diagnosis classifications

Inventory of programs

Redesign field interview protocols to allow for motivational interviewing techniques

Quality indicators for programs

Redesign format and protocol related to the development of supervision plans

DSHS MH, parole and probation integrated in one-stop service center

Redesign of documentation “chronos” to support new supervision strategies

Automate new forms

Strategy to reduce caseload in targeted areas

Adopt new sex offender treatment protocol and supervision strategy

## **Other Activities Not List Here**

**Created Absconder Unit**

**Implemented Progressive Sanctions**

**Creation of internal accountability system to track key processes and outcomes**

**Re-design of training strategies**

**Development of new personnel evaluation system**

# Overview

**Project Overview**

**General Outcomes**

**Offender/Program Outcomes**



# Travis Steepest Decline in Felony Revocations

## Test General Trends

Felony Revocations			
County	FY 2005	FY 2008	% Change 05-08
Bexar (San Antonio)	816	1,468	79%
Dallas	3,183	2,841	-10.7%
Harris (Houston)	3,549	3,067	-13.5%
Tarrant (Ft. Worth)	1,733	1,441	-16.8%
Travis (Austin)	1,052	846	-19.6%
State	24,126	24,028	-0.4%

Source: Texas Department of Criminal Justice, Community Justice Assistance Division.  
Report to the Governor and Legislative Budget Board on the Monitoring of Community  
Supervision Diversion Funds, December 1, 2008

# Travis Lowest Revocation Rate Out of Population

## Test General Trends

Felony Revocation Rate (Felony Revocations Out of Total Felony Population Under Supervision)		
County	FY 2005	FY 2008
Bexar (San Antonio)	6.6%	11.1%
Dallas	11.6%	9.2%
Harris (Houston)	13.9%	12.6%
Tarrant (Ft. Worth)	15.2%	11.8%
Travis (Austin)	10.2%	9.0%
State	10.3%	10.0%

Source: Texas Department of Criminal Justice, Community Justice Assistance Division.  
Statistical Data File Provided to Justice Center, January 2008

# Travis Steepest Decline in Technical Revocations

## Test General Trends

Felony Technical Revocations			
County	FY 2005	FY 2008	Change FY05-08
Bexar (San Antonio)	478	854	78.6%
Dallas	2,174	1,515	-30.3%
Harris (Houston)	2,194	2,028	-7.5%
Tarrant (Ft. Worth)	1,012	761	-24.8%
Travis (Austin)	608	318	-47.7%
State Average	13,457	12,788	-4.9%

Source: Texas Department of Criminal Justice, Community Justice Assistance Division.  
Annual Statistical Data Spreadsheets, 2005 and 2007

# Travis Lowest Rate of Technical Revocations

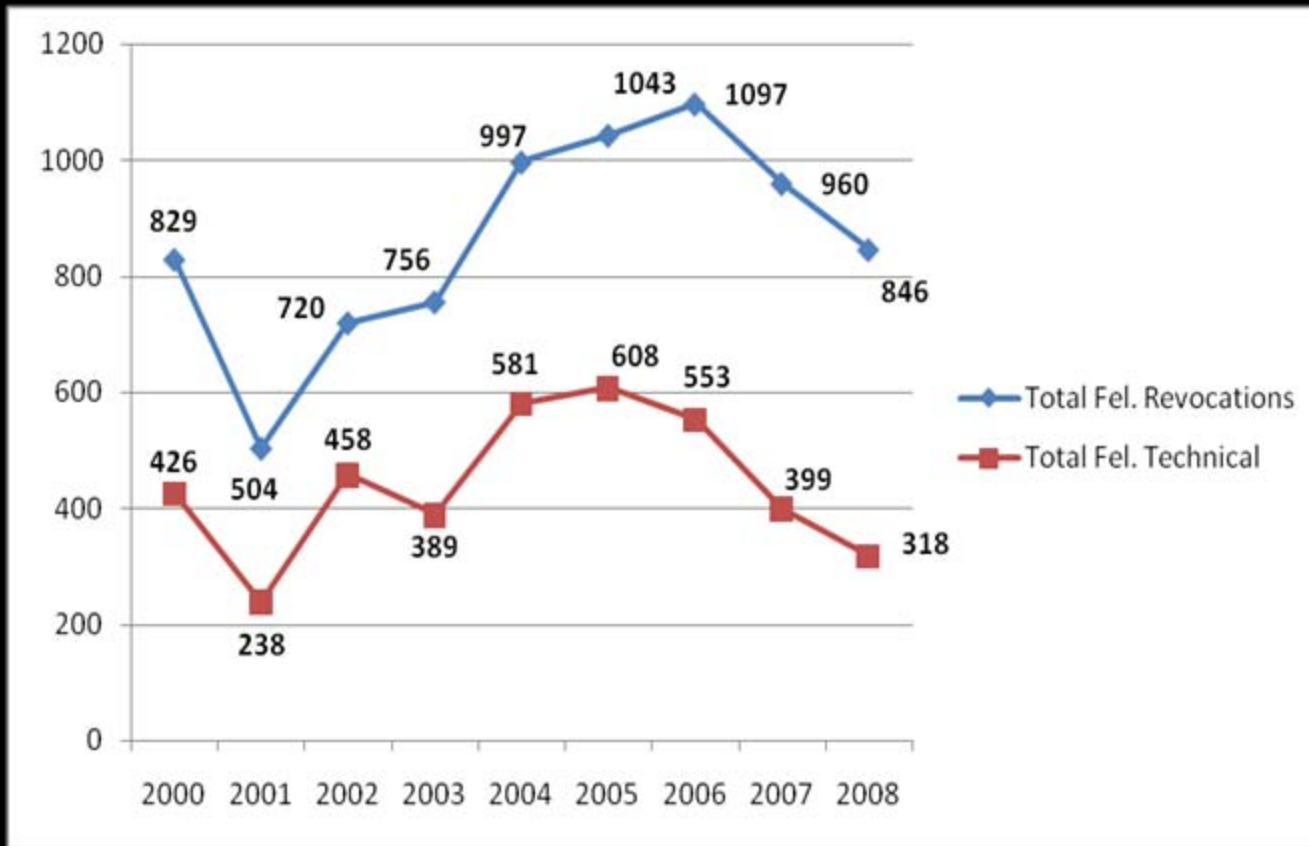
## Test General Trends

Felony Technical Revocation Rate (Felony Revocations Out of Total Felony Population Under Supervision)		
County	FY 2005	FY 2008
Bexar (San Antonio)	3.8%	6.4%
Dallas	7.9%	4.9%
Harris (Houston)	8.6%	8.3%
Tarrant (Ft. Worth)	8.9%	6.2%
Travis (Austin)	5.9%	3.4%
State	5.7%	5.3%

Source: Texas Department of Criminal Justice, Community Justice Assistance Division.  
Statistical Data File Provided to Justice Center, January 2008

# Travis Revocation Trends Since 2000

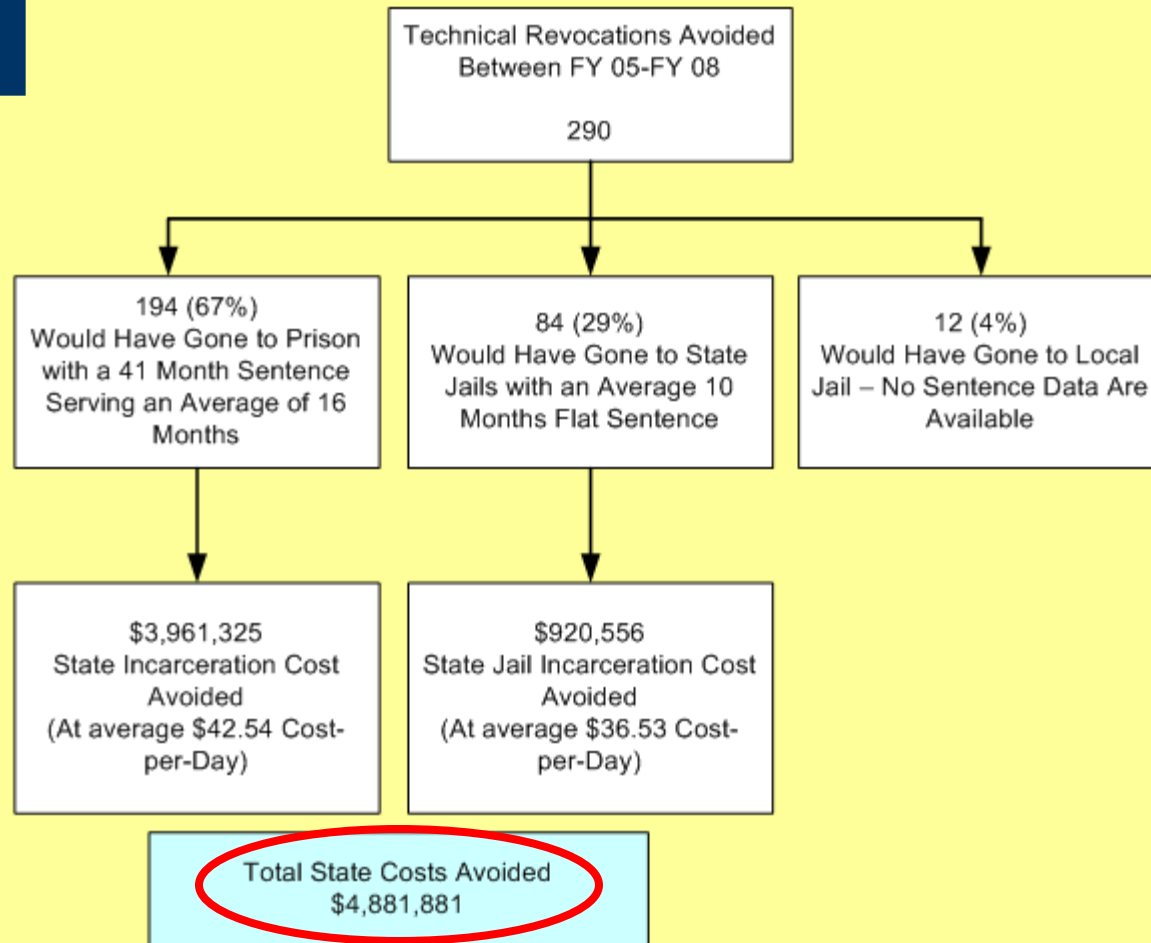
## Test General Trends



Source: TDCJ, CJAD, MCSR system

# Cost-Savings Significant (Sentencing)

## Test General Trends



Source: Cost-per-Day from Legislative Budget Board, "Criminal Justice Uniform Cost Report, FY 2004-2006", January 2007; Average sentence from Legislative Budget Board, "Texas Community Supervision Revocation Project: A Comparison of Revoked Felons During September 2005 and September 2007", August 2008; no data to estimate jail sentences and costs

# Jail Days Impacted by Fewer Violations

## Test General Trends

County Jail Incarceration of Probationers with Motions to Revoke Probation

Fiscal Year	Number of Probationers	Total Days in Jail	Total Cost (at \$24 Per-Day)	Average # of Days/Client
2007	2,823	111,339	\$2,672,136	39
2008	2,632	95,225	\$2,285,400	36
Change 07 to 08	-191	-16,114	-\$386,736	-3
% Change	-6.8%	-14.5%	-14.5%	-8.3%

Source: Travis County. Number of clients with a county jail booking data in the fiscal year and number of days within fiscal year that the clients spent in county jail. Cost-per-day is a blended average jail cost provided by the Travis County Sheriff's Planning and Budget Office

# Overview

**Project Overview**

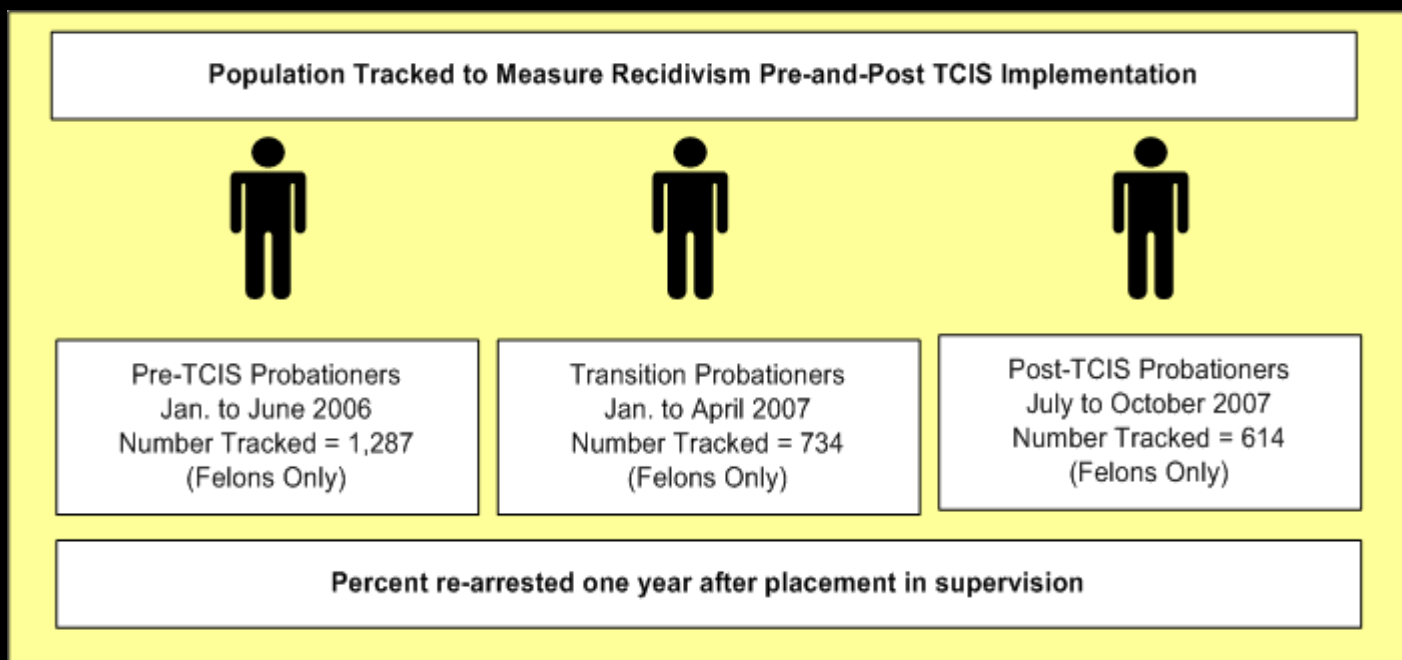
**General Outcomes**

**Offender/Program Outcomes**



# Research on Outcomes – TCIS Groups

## Test Recidivism Outcomes



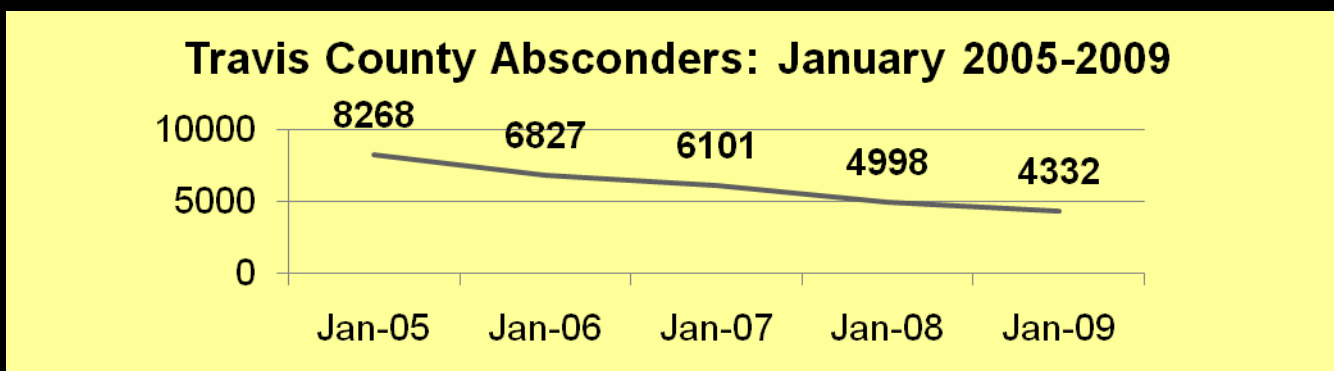
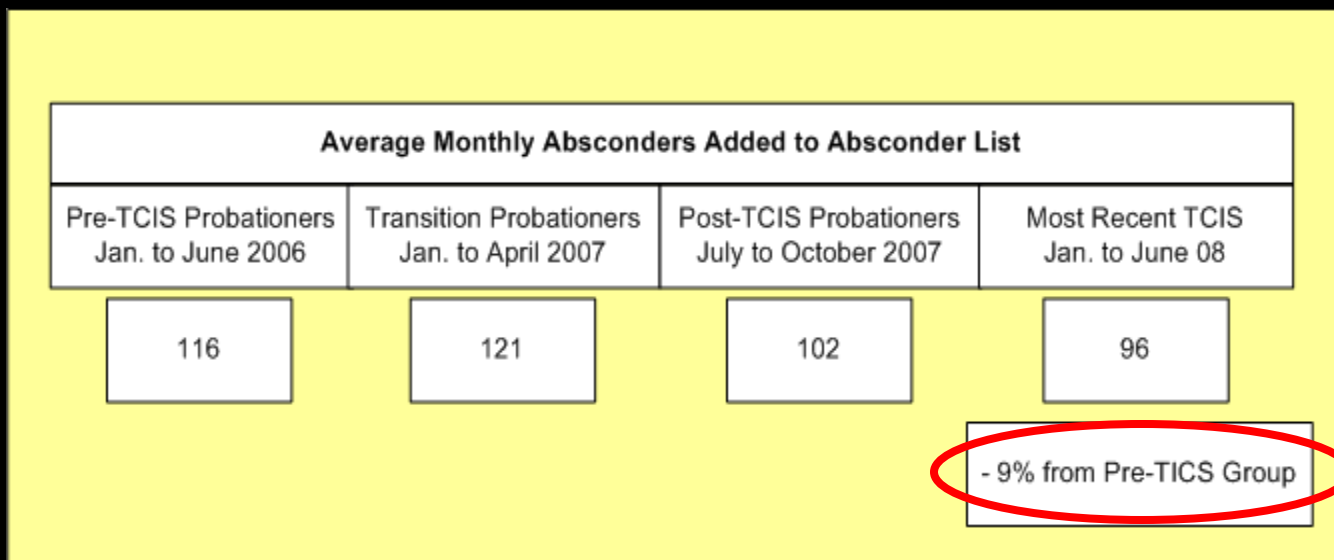
# One-Year Re-arrest Rates Lower After TCIS

## Test Recidivism Outcomes

Percent re-arrested one year after placement in supervision				
Percent Rearrested One Year Later By Risk Level	Pre-TCIS Jan. to June 2006 N= 1,287	Transition Jan. to April 2007 N=734	Post-TCIS July to Oct. 2007 N=614	% Change in Rate Pre-TCIS to Past-TCIS
Low	26%	10%	6%	-77%
Medium	26%	18%	13%	-50%
High	34%	35%	31%	-9%
Overall	29%	26%	24%	-17%

# New Absconders Declined After TCIS

Test  
Recidivism  
Outcomes



# SMART Program Review

**Residential Substance Abuse Facility  
65 males and 28 females**

**Evaluated using Evidence-Based Correctional Program  
Checklist (CPC) in October 2008**

**Capacity to deliver the program**

**Leadership and Development**

**Staff**

**Quality Assurance**

**Content**

**Offender Assessment**

**Treatment Characteristics**

**77 indicators  
worth  
83 points**

# Expectations Based on National Norm and Score

**“Norm” developed after review of over 400 programs  
University of Cincinnati, Center for CJ Research**

**Percent of program classified as:**

**Very Effective**

**7%**



**SMART Review  
Score  
70.7% of 83**

**Effective**

**18%**

**“Very Effective”**

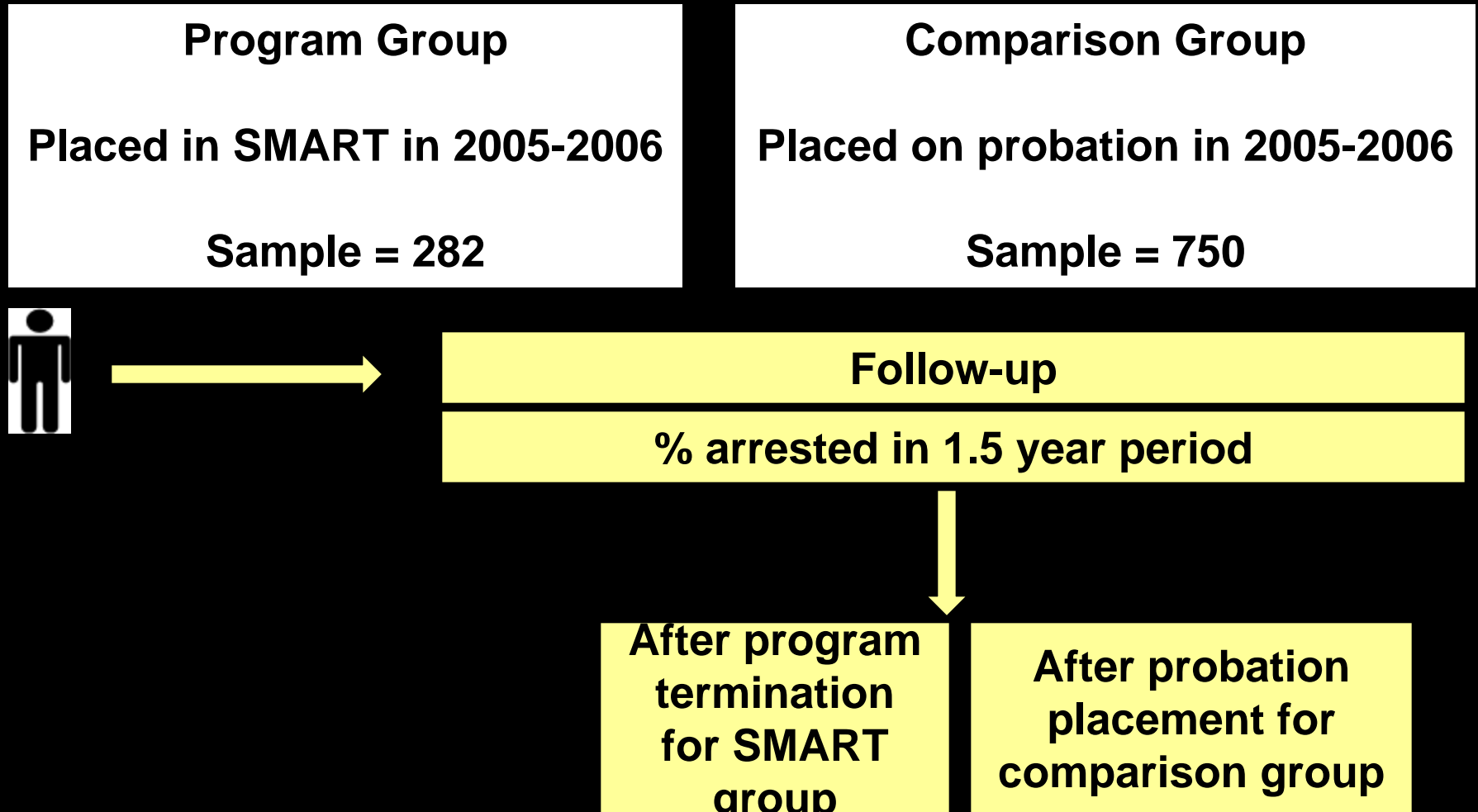
**Needs  
Improvements**

**33%**

**Not Effective**

**42%**

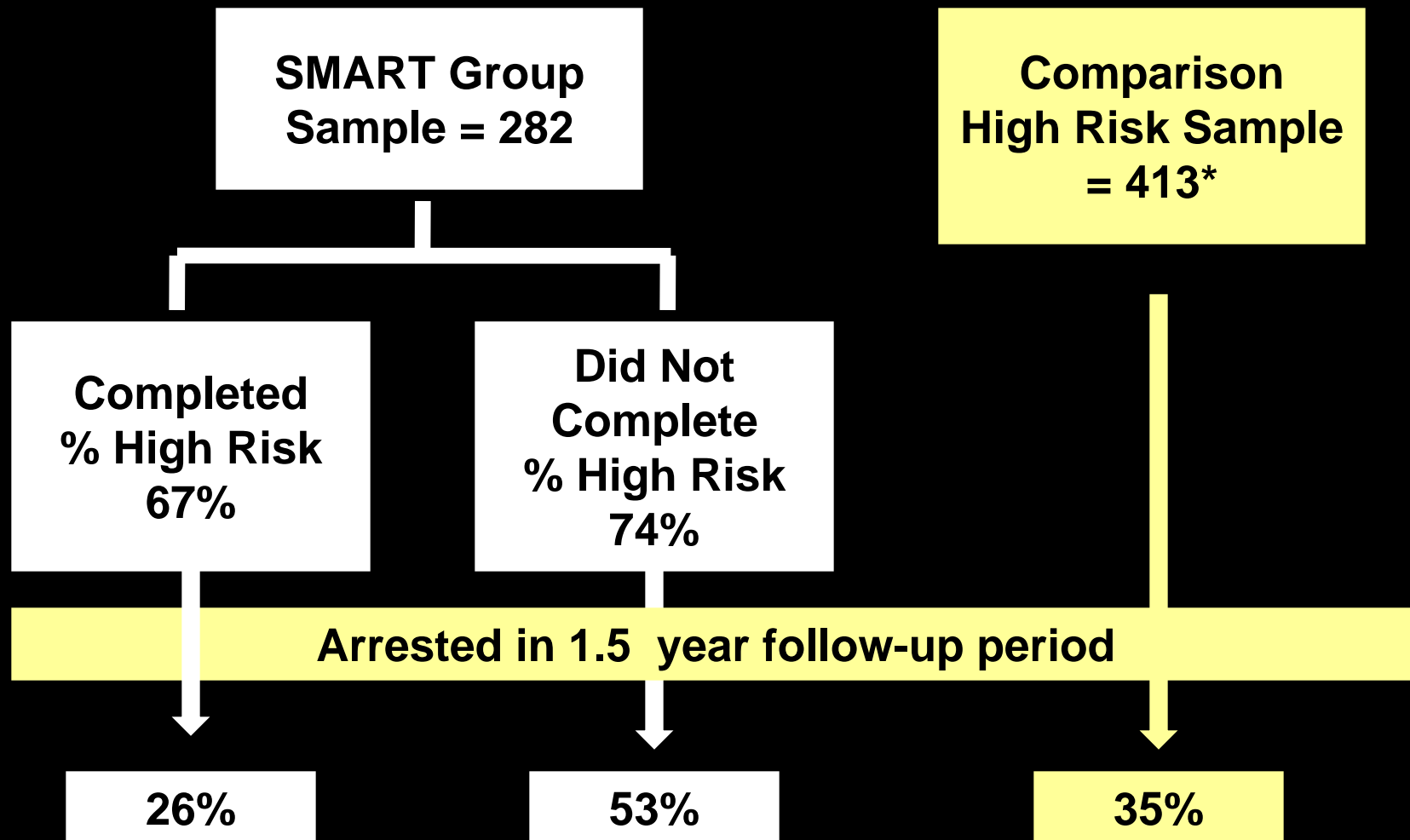
# Outcome Tracking for SMART Program



# Comparison Groups

	SMART Group Sample = 282		Comparison Sample = 750
% Male	78%	↔	77%
% Caucasian	51%	↔	45%
% Age < 35	61%	↔	67%
% Alcohol Frequent Use	56%	↔	49%
% Drugs Frequent Use	60%	↔	57%
% High Risk	100%	↔	55%

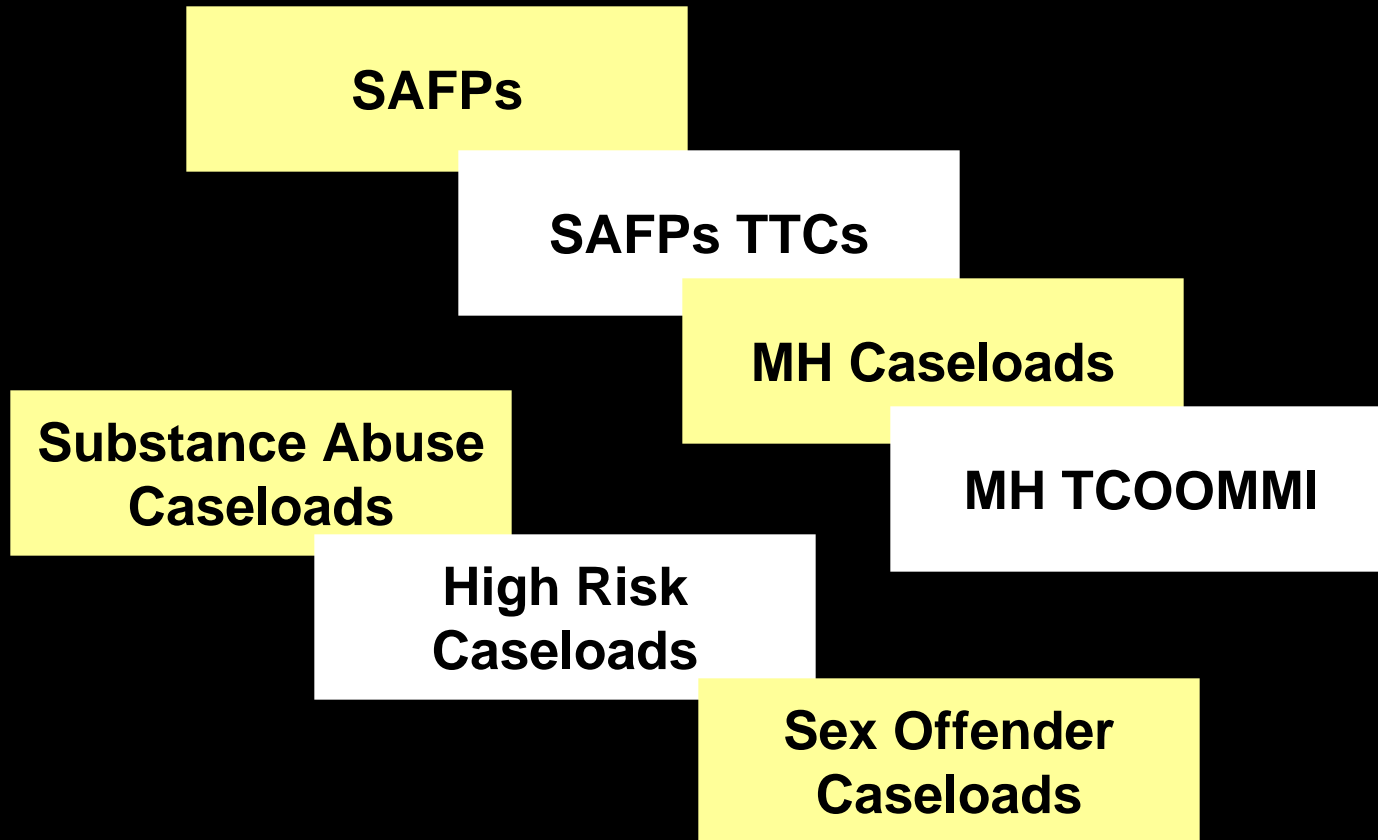
# SMART Outcomes – by High Risk Comparison



\* This is a clarification on the sample size compared to the Judges and Judge Biscoe presentations of January 28 and February 4, 2009 that erroneously showed the total sample size of 750



# Other Programs/Caseloads Pending Outcome Review



# Overview

**Project Overview**

**General Outcomes**

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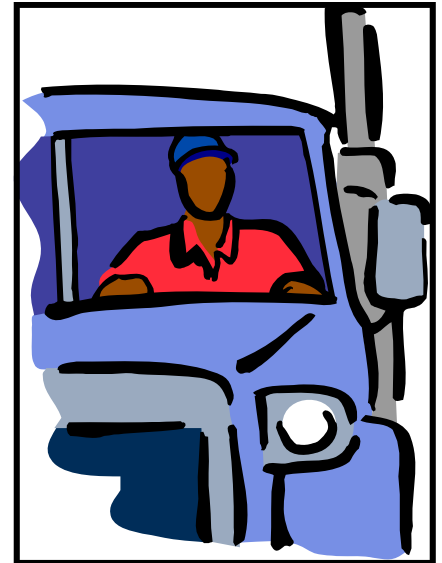
# Thank You



<http://www.justicecenter.csg.org/>

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# Rapid Employment Model Evaluation: Update



**Ray Marshall Center for  
the Study of Human  
Resources**

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**Submitted to:**

Travis County Health and Human Services Department

December 2008



This report was prepared with funds provided through a grant and cooperative agreement from the Travis County Health and Human Services Department to the Ray Marshall Center for the Study of Human Resources at the University of Texas at Austin. The views expressed here are those of the authors and do not represent the positions of the funding agencies or The University.

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## INTRODUCTION

This report is an update to the report, *Rapid Employment Model Evaluation: Initial Findings* published in December 2007. Travis County contracted with the Ray Marshall Center to extend the initial evaluation of the Rapid Employment Model (REM) demonstration project. The intent of this effort is to track longer-term participant outcomes for the initial cohort served in 2006 and to document outcomes for the second cohort of participants served in 2007. In addition, this report presents the first quasi-experimental impact analysis for participants in the 2006 cohort.

### Background

Travis County and the City of Austin are unique among local governments in the United States in their approach to workforce development. Rather than relying exclusively on federal funding to support services for their residents as most jurisdictions do, they have augmented federal and state funds with local tax dollars in workforce services for about a decade,<sup>1</sup> strategically coordinating their investments with Workforce Solutions – Capital Area,<sup>2</sup> the local workforce investment board. In recent years, Travis County and the City together have expended around \$3 million annually on workforce services for local residents.<sup>3</sup> Primary areas of emphasis for these local investments have been occupational training and support services, offerings that have typically been constrained under federal program rules.

In 2005, Travis County and workforce board staff began discussing the need for improved services to assist jobseekers find suitable work more quickly through a structured effort that would supplement their longer-term skill development offerings. These discussions ultimately resulted in the creation of the Rapid Employment Model (REM). The REM project seeks to demonstrate that work readiness and short-term occupational skills training, when combined with active job placement assistance, can lead to successful employment outcomes for jobseekers who might otherwise struggle in the labor market. REM began operations in January 2006 as a joint effort of the County, Workforce Solutions

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<sup>1</sup> City and county tax expenditures on workforce services grew out of the experience with tax abatement agreements related to Samsung in the mid-to-late 1990s (Glover et al., 2007).

<sup>2</sup> Formerly known as *WorkSource*—The Greater Austin Workforce Board

<sup>3</sup> See Smith and King (2007) for an evaluation of locally-funded workforce development services.



and area workforce service providers to decrease the amount of time individuals are out of work. Like all County-funded workforce services, the REM project targets disadvantaged, indigent County residents, particularly those individuals who have been released from incarceration, as well as individuals receiving Food Stamps or cash welfare benefits.

### **Evaluation Approach**

In order to document and understand the effects of participating in REM, the Travis County Health and Human Services Department contracted with the Ray Marshall Center for the Study of Human Resources (RMC) at the University of Texas at Austin's LBJ School of Public Affairs to conduct an evaluation of these workforce development services. The initial effort included a process evaluation; findings from that analysis are presented in Smith and King (2007).

The ongoing evaluation of the REM project focuses on *outcomes*. The outcomes evaluation documents the results of the REM project, including the number of clients served; number completing training; number placed in employment; wages earned; and other outputs/outcomes that can be determined largely through linked administrative data. The outcomes evaluation includes an exploratory effort to gauge the "value-added" or *impacts* from these services through quasi-experimental analysis comparing labor market outcomes for 2006 REM participants with those of a comparison group of similar non-REM participants.

### **Report Organization**

This report is organized into five sections including this Introduction. The second section briefly characterizes the REM model design and explains its key features. The third section presents the initial labor market outcomes for 2007 REM participants. The fourth section presents longer-term outcomes for 2006 REM participants and findings from the quasi-experimental impact analysis. The fifth section offers several concluding observations and identifies next steps for the ongoing evaluation effort.

## THE RAPID EMPLOYMENT MODEL PROJECT

The REM project enrolled jobseekers in four separate rounds of training for up to six weeks between January 2006 and October 2006; in 2007, there were six separate rounds between February and October. The project design and offerings were modified slightly in each round of implementation.

### Participant Characteristics

REM participants were identified for possible inclusion in the project based on their association with one of three programs serving populations typically at a disadvantage in the labor market (see Table 1):

- **Project RIO (Re-Integration of Offenders)** – an employment and training program targeting individuals who have been released from incarceration in the state jail system. REM participants were overwhelmingly Project RIO clients (83% in 2006, 77% in 2007).
- **Choices** – the workforce program in Texas serving recipients of Temporary Assistance for Needy Families (TANF) funds. Some 14.3% of 2006 REM participants were drawn from the Choices program, while in 2007 Choices clients represented 22% of participants.
- **Food Stamp Employment and Training (FSET)** – a program providing access to employment and training programs for individuals receiving food stamp assistance. Only 2.7% of 2006 REM participants were drawn from the FSET program, while in 2007 that share dropped to 1.8%.

Because each of these programs has specific participant eligibility requirements, as well as distinct policies on the amount and type of employment and training activities that individuals must engage in, the individuals participating in the REM project are not a homogenous group and should not be assumed to share similar motivations for employment.

**Table 1: Number and Percent of REM Participants by Program**

Program	2006		2007		Overall	
	n	%	N	%	n	%
Choices	16	14.3	24	21.6	40	17.9
FSET	•	•	•	•	5	2.2
Project RIO	93	83.0	85	76.6	178	79.8
Total	112	100	111	100	223	100

Note: A dot indicates that there were too few participants to report.  
Source: Workforce Solutions – Capital Area data.

## **Components, Services, and Duration**

### ***Pre-Employment Training***

One of the first activities an individual is expected to complete for the REM project is the pre-employment training program. The program selected for REM participants is Standard Industry Skills Training and Education Media, or SISTEM, a computer-based training program for individuals or groups which emphasizes job readiness and basic employment skills. Table 2 below provides a snapshot of the number of individuals completing this training.

Rates of completion for pre-employment training improved considerably for the 2007 participants. Career Center staff indicated that not all participants were expected to complete the SISTEM training; those clients with an established work history were exempted. SISTEM training records, unfortunately, did not identify which clients were participating in the REM project nor did this training information get consistently reported to The Workforce Information System of Texas (TWIST) database.

**Table 2: REM Participants Completing Pre-Employment Training**

	<b>2006</b>	<b>2007</b>	<b>Total</b>
<b>Total Number of Participants</b>	112	111	223
<b>Number Completing Pre-Employment Training</b>	79	102	181
<b>Percent Completing</b>	71%	92%	81%

Source: Workforce Solutions – Capital Area data.

### ***Occupational Skills Training***

After the pre-employment training, REM participants selected and entered a short-term training program. Overall 87% of 2006 REM participants completed occupational skills training, as detailed in Table 3. In 2007, 89% of participants completed the occupational skills training.

**Table 3: REM Participants Completing Occupational Training**

	<b>2006</b>	<b>2007</b>	<b>Total</b>
<b>Total Number of Participants</b>	112	111	223
<b>Number Completing Occupational Training</b>	97	99	196
<b>Percent Completing</b>	87%	89%	88%

Source: Workforce Solutions – Capital Area data.

The occupational training programs available in the REM project varied considerably. The length of the programs in 2006 ranged from three days to six weeks, while programs offered in 2007 ranged from two to six weeks. Though most programs did include training on resume development and interviewing skills, these activities were not necessarily part of the normal training sequence offered by the providers. Three training providers from 2006 continued on in 2007: Austin Academy, Construction Gateway, and Austin Community College's (ACC) Truck Driving program. The only new provider in 2007 was the Central Texas Nurse Network, which offered Certified Nurse Aide training.

Table 4 identifies the number of participants for each of the training providers. It is important to note that the training options available to participants were driven both by the timing of the training as well as by the population being served.

**Table 4: Number and Percent of REM Participants by Occupational Training**

Occupational Training Program	2006		2007		Total	
	n	%	n	%	n	%
Austin Academy	19	17	16	14	35	16
ACC: Admin. Asst.	2	2			2	1
ACC: Para-Educator	1	1			1	1
ACC: EMEO	7	6			7	3
ACC: Truck Driving	45	40	31	28	76	34
Child Care	1	1			1	1
Construction Gateway	34	30	50	45	84	38
Dental Assisting	3	3			3	1
Certified Nurse Aide			14	13	14	6
Total	112	100	111	100	223	100

Note: Percentages may total more than 100 due to rounding.

Source: Workforce Solutions – Capital Area data.

## INITIAL LABOR MARKET OUTCOMES FOR 2007 REM PARTICIPANTS

The outcomes analysis draws on three types of data: 1) provider-reported data on employment and wage levels submitted to Workforce Solutions; 2) program (Project RIO, Choices and FSET) specialists' data entered into The Workforce Information System of Texas (TWIST) database; and 3) Unemployment Insurance wage records maintained by the Texas Workforce Commission.

### Immediate, Provider-reported Employment and Wages

The following two tables convey provider-reported employment and wage data that researchers received from Workforce Solutions. For 2007 participants, 65% were reported as employed by providers after they completed their training program (see Table 5). Employment includes both part-time and full-time work. Participants with reported wages averaged \$9.59 per hour.

**Table 5: Reported Employment and Wages for 2007 REM Participants, by Round**

	Number of Participants with Reported Employment	Percent of Participants Employed	Number of Participants with Reported Wages	Range of Wages Per Hour Reported	Average of Wages Per Hour Reported
Round 1	12/17	71%	11	\$5.50 - \$15.00	\$10.25
Round 2	18/24	75%	15	\$7.00 - \$13.00	\$9.83
Round 3	9/14	64%	9	\$7.00 - \$12.00	\$9.64
Round 4	13/22	59%	13	\$3.13 - \$14.00	\$8.94
Round 5	9/17	53%	9	\$9.00 - \$15.00	\$10.72
Round 6	11/17	65%	11	\$6.00 - \$10.00	\$8.14
Total	72/111	65%	65	\$5.50 - \$35.00	\$9.59

Source: Workforce Solutions – Capital Area data.

ACC's truck driver training program and the Construction Gateway program reported the most 2007 REM participants in employment. Details are provided by training provider and round in Table 6 below.

**Table 6: 2007 REM Participant Employment Rates by Training Provider, by Round**

	Round 1	Round 2	Round 3	Round 4	Round 5	Round 6	Total
Austin Academy	33%	33%		0%	100%	60%	44%
ACC – Truck Driving	80%	78%	50%	100%	60%	25%	68%
Construction Gateway	78%	89%	63%	64%	33%	86%	70%
Certified Nurse Aide		67%	100%	50%	50%	100%	64%
Total	71%	75%	64%	59%	53%	65%	65%

Source: Workforce Solutions – Capital Area data.

### **UI Wage Records Data on Employment and Earnings**

Prior to examining labor market outcomes based on UI wage records, two caveats should be noted. First, it is anticipated that UI wage records for construction and truck driving will *under-report* employment and earnings for these workers due to lower rates of UI coverage in these industries.<sup>4</sup> Second, the employment and earnings numbers reported in the following tables for 2007 participants are based on an early analysis. As additional quarters of information become available, more definitive numbers can be reported.

Researchers are tracking 85 participants from the 2007 cohort. Missing identification data precluded the inclusion of all participants in the analysis. In addition, participants in the last quarter of 2007 (Round 6) are not included as there has not been sufficient time elapsed post-service to measure and assess outcomes.

Participants in the 2007 REM project were employed approximately 22% of the time in the four quarters prior to their enrollment in the REM project (see Table 7, third column). In their last quarter of participation in the REM project, 31% of participants were employed (fourth column). Approximately 55% of REM participants were employed two quarters after their participation in the project had ended (fifth column) and 54% when looking at all post-service quarters (last column).

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<sup>4</sup> See Stevens (2002) for a review of employment that is not covered by state unemployment insurance laws.

**Table 7: Quarterly Employment for 2007 REM Participants**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	All quarters after service ends
2007 Round 1	17	25.0%	29.4%	70.6%	60.0%
2007 Round 2	20	16.3%	35.0%	40.0%	44.4%
2007 Round 3	14	21.4%	35.7%	50.0%	50.0%
2007 Round 4	18	25.0%	33.3%	50.0%	54.0%
2007 Round 5	16	23.4%	18.8%	68.8%	67.3%
Overall	85	22.1%	30.6%	55.3%	54.0%

Source: UI wage records.

UI wage records also provide information on the individual's quarterly earnings. In the four quarters prior to their participation in the 2007 REM project, participants who were reported as employed earned an average of \$2,360 per quarter (see Table 8). In their last quarter of REM services, employed participants earned an average of \$1,141. In the second quarter after completing the 2007 REM project, employed participants earned an average of \$3,191. In all post-service quarters, employed 2007 REM participants earned on average \$3,179 per quarter.

**Table 8: Average Quarterly Earnings of those Employed, 2007 REM Participants**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	All quarters after service ends
2007 Round 1	17	\$2,766	\$1,227	\$3,234	\$3,462
2007 Round 2	20	\$2,434	\$968	\$2,467	\$2,678
2007 Round 3	14	\$2,380	\$1,154	\$3,651	\$3,508
2007 Round 4	18	\$2,338	\$782	\$2,514	\$2,823
2007 Round 5	16	\$1,845	\$2,095	\$3,931	\$3,496
Overall	85	\$2,360	\$1,141	\$3,191	\$3,179

Source: UI wage records



## UPDATED LABOR MARKET OUTCOMES FOR 2006 REM PARTICIPANTS AND INITIAL IMPACT FINDINGS

Researchers are tracking 103 participants from the 2006 REM cohort. As UI wage records for some quarters in the evaluation have now been finalized, some of the numbers reported in the following tables may not match those reported in the *Initial Findings* report (Smith et al, 2007). The numbers reported here are based on the most complete, up-to-date records available.

REM participants were much more likely to be found in UI wage records in the quarters following their participation in the project than they were in the quarters prior to it. In the four quarters prior to their participation in the 2006 REM project, these individuals were employed approximately 16% of the time (Table 9). Two quarters after they finished the project, 59% of participants were employed. In all post-service quarters, 54% of these participants were employed.

**Table 9. Quarterly Employment for 2006 REM Participants**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	All quarters after service ends
2006 Round 1	18	22.2%	55.6%	61.1%	35.3%	47.7%
2006 Round 2	35	15.7%	51.4%	60.0%	54.3%	58.4%
2006 Round 3	26	13.5%	57.7%	53.8%	42.3%	51.3%
2006 Round 4	24	15.6%	41.7%	62.5%	50.0%	55.7%
Overall	103	16.3%	51.5%	59.2%	47.1%	54.1%

Source: UI wage records

2006 REM participants also experienced improved earnings in the post-service period (Table 10). In the four quarters prior to participating in the REM project, these individuals earned an average of \$1,953 per quarter. In the sixth quarter following their participation in

the project, employed participants earned an average of \$5,361. Employed participants averaged earnings of \$4,265 in all quarters after service.

**Table 10. Average Quarterly Earnings of those Employed, 2006 REM Participants**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	All quarters after service ends
2006 Round 1	18	\$2,082	\$1,073	\$3,252	\$4,505	\$3,701
2006 Round 2	35	\$2,311	\$1,695	\$3,818	\$6,384	\$4,990
2006 Round 3	26	\$1,459	\$1,447	\$1,853	\$4,303	\$3,519
2006 Round 4	24	\$1,750	\$2,177	\$3,331	\$5,139	\$4,122
Overall	103	\$1,953	\$1,598	\$3,145	\$5,361	\$4,265

Source: UI wage records

### Unemployment Insurance Benefits

Ray Marshall Center researchers examined two measures related to UI benefits. In the first measure, qualification for UI benefits, researchers examined participants' work histories in the pre- and post-service period to determine if workforce development services had increased participants' eligibility for receiving UI insurance in the event of a layoff or other employment separation. Qualification for UI benefits is based on length of employment, earnings levels, and reason for separation, among other factors. An individual must have sufficient earnings in at least two of the four quarters prior to separation to qualify for UI benefits. This measure is significant as it looks at the stability of an individual's employment. Prior to entering the REM project, most participants had a history of unstable employment. After their participation in these services, many of these individuals have moved into stable employment that qualifies them for benefits through the UI program, the nation's first-tier safety net for laid-off workers that is funded by both employers and workers.<sup>5</sup> In the second measure, UI benefit claims filed, researchers examined UI claims in

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<sup>5</sup> Employers pay taxes that directly support the UI program; economists point out that workers also contribute to the program indirectly in the form of somewhat lower wages.

both the pre- and post-service period to determine if the REM project had reduced participants' reliance on UI benefits.

In the four quarters prior to participation in the REM project, approximately 10% of 2006 participants would have qualified for UI benefits based on their earnings history (Table 11). In the sixth quarter after they completed the REM project, fully 53% of participants would qualify for UI benefits based on their earnings history.

**Table 11. Percent of 2006 REM Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Sixth quarter after service ends	All quarters after service ends
2006 Round 1	18	18.1%	58.8%	45.9%
2006 Round 2	35	5.7%	57.1%	54.6%
2006 Round 3	26	8.7%	50.0%	40.3%
2006 Round 4	24	10.4%	45.8%	44.7%
Overall	103	9.7%	52.9%	48.2%

Source: UI claims records

Despite the large increase in eligibility for UI benefits, few REM participants filed an unemployment insurance claim in the post-service period (Table 12).

**Table 12. Percent of 2006 REM Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Sixth quarter after service ends	All quarters after service ends
2006 Round 1	18	1.4%	0.0%	1.0%
2006 Round 2	35	0.0%	0.0%	0.0%
2006 Round 3	26	0.0%	•	0.8%
2006 Round 4	24	0.0%	•	0.0%
Overall	103	0.2%	0.0%	0.4%

Note: A dot indicates that there were too few participants to report.

Source: UI claims records

## **Quasi-Experimental Impacts Analysis**

This section reports the results of exploratory quasi-experimental impact estimation that Ray Marshall Center researchers conducted to gauge the “value added” of participation in the REM project. Researchers are continuing to refine their approach to impact estimation and will present additional estimates in future reports. The quasi-experimental impact analysis compared employment and earnings outcomes for 2006 REM participants with a comparison group of individuals who received basic workforce services (e.g., job matching, resume development). The analysis reveals mixed impacts, only some of which are statistically significant. Findings are detailed below.

### ***Quasi-Experimental Estimation***

In an attempt to measure the impacts of REM participation, researchers conducted a quasi-experimental analysis comparing labor market outcomes for REM participants with those of a comparison group of similar non-participants. Quasi-experimental analysis has been shown to produce impact estimates comparable to those resulting from more rigorous and costly approaches involving the use of experimental designs that randomly assign individuals to treatment and control status.<sup>6</sup> In fact, for many groups, quasi-experimental estimates may understate employment and earnings impacts from workforce services. In addition, the outcomes examined here compare individuals engaged in minimal, short-term training to those who received basic labor force attachment services; large impacts are not expected. For these reasons, results presented in this report, while exploratory, should be considered *conservative estimates* of the true impacts.

Quasi-experimental approaches tend to work well when participants for whom comparison groups are being created have sufficient prior employment and earnings histories and when data are available on a sufficient number of variables with which to perform the requisite match. Youth and ex-offenders are problematical in this regard precisely because their prior employment and earnings histories are either lacking or difficult to determine.

Potential comparison group members were drawn from two sources: individuals who either registered to look for employment using the state’s WorkinTexas program or received “core” services under the Workforce Investment Act (such as job-matching or resume

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<sup>6</sup> For example, see Greenberg et al. (2006) and Hollenbeck and Huang (2006).

development). Thus, the comparison group selected as described below is not a “no-services,” but rather a “low-intensity services” group. The resulting impact estimates thus reflect the *incremental value* of the County’s investments in the REM project.

REM participants were matched on a one-to-one basis with potential comparison group members using a method known as *weighted multivariate matching*. This technique places greater weights on those variables showing greater initial (pre-service) differences. Matching was done by selecting for each participant the one comparison group member judged most similar. Matching was done without replacement, with no caliper applied to eliminate poor matches, since doing so would have reduced the generalizability of the results.

*Exact matches* carried out included: county; year of entry into the program; and whether or not individuals had recently experienced an earnings dip of 20% or more. *Distance matches* were carried out on additional variables by treating them as numeric and including them in the overall multivariate distance measurement. These variables included: age, gender, race/ethnicity (white, black, Hispanic), time since first earnings, employed at entry, percent of time employed over four (4) years prior to program entry, average quarterly earnings over four (4) years prior to program entry, and percent of time in any workforce development service in the year immediately prior to program entry (matched according to service intensity: high for training programs, and low for job placement services). For those experiencing a recent earnings dip, the time since the earnings dip and the percent of earnings represented by the dip were also included in the matching process.

Adequacy of each comparison group was judged by performing t-tests comparing treatment and comparison groups on the same dimensions. If the groups were statistically different at  $p < .01$  on more than two dimensions, the comparison was considered inadequate. Using these parameters, the comparison group did not significantly differ from REM participants on any of the tested variables.

Note that the impacts tables display two effects columns. The Unadjusted Net Effect simply shows the computed difference between the treatment and comparison groups on the outcome in question. The Adjusted Net Effect column presents the net effect after further statistical adjustments have been made (e.g., demographic differences). The figures in the Adjusted Net Effect column are the measures of program impacts emphasized in the discussion that follows.

### ***Employment and Earnings Impacts***

Based on the analysis, participation in the REM project did have a positive, statistically significant impact on employment (Table 13). This modest employment impact was the expected result of the REM project. Overall, 2006 REM participants were 5.3% more likely to be employed in the post-service period than were comparison group members.

**Table 13. Quarterly Employment Impacts**

<b>Cohort</b>	<b>Number of Post-Service Person-Quarters</b>	<b>All quarters after service ends: Comp group</b>	<b>All quarters after service ends: Treatment group</b>	<b>Unadjusted net effect</b>	<b>Adjusted net effect</b>
2006 Round 1	251	41.4%	47.7%	6.2%	
2006 Round 2	478	60.5%	58.4%	( 2.1%)	
2006 Round 3	271	52.4%	51.3%	( 1.1%)	
2006 Round 4	259	56.0%	55.7%	( 0.3%)	
<b>Overall</b>	<b>1259</b>	<b>54.0%</b>	<b>54.1%</b>	<b>0.1%</b>	<b>5.3% *</b>

Note: \* denotes significance at p<.05  
Source: UI wage records

While earnings growth was not a central goal of the REM project, the County and Workforce Solutions did target employment at a living wage. Though not statistically significant, REM participation had a small but positive impact on quarterly earnings (Table 14).

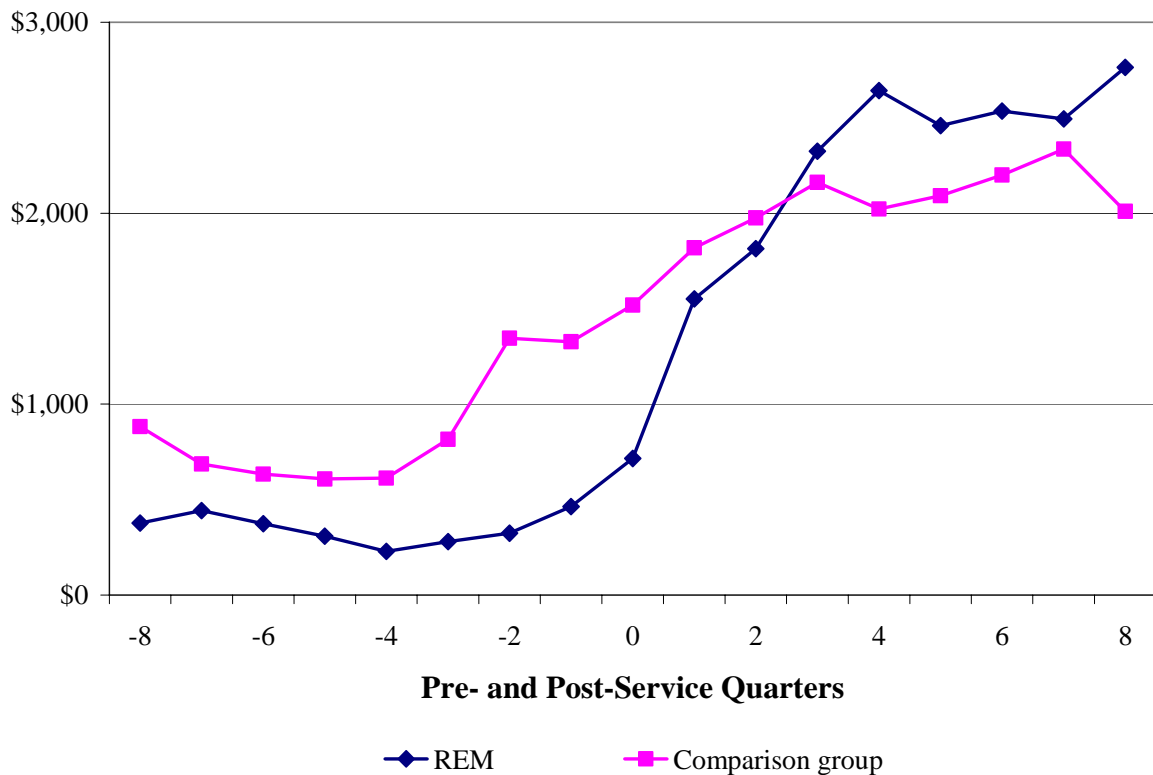
**Table 14. Quarterly Earnings Impacts**

<b>Cohort</b>	<b>Number of Post-Service Person-Quarters</b>	<b>All quarters after service ends: Comp group</b>	<b>All quarters after service ends: Treatment group</b>	<b>Unadjusted net effect</b>	<b>Adjusted net effect</b>
2006 Round 1	104	\$3,816	\$3,701	-\$115	
2006 Round 2	289	\$4,580	\$4,990	\$410	
2006 Round 3	142	\$3,632	\$3,519	-\$113	
2006 Round 4	145	\$4,266	\$4,122	-\$143	
<b>Overall</b>	<b>680</b>	<b>\$4,198</b>	<b>\$4,265</b>	<b>\$66</b>	<b>\$230</b>

Source: UI wage records

When examining employment and earnings impacts for all participants, whether employed or not, REM participants and their comparison group members demonstrated similar trends (Figure 1). In the pre-service period, REM participants had considerably lower earnings than comparison group members. In the third quarter post-service, however, REM participants' earnings overtook those of the comparison group and remained stronger in the quarters that followed.

**Figure 1. REM vs. Comparison Group Earnings Over Time<sup>7</sup>**



***Impacts on Unemployment Insurance***

The analysis of impacts on UI benefits did not yield statistically significant results. The direction of the findings, however, is positive and seems to indicate that REM participants are experiencing improved UI-related outcomes. REM participants were less

<sup>7</sup> Earnings in this figure are averaged across all participants, whether employed or not.

likely to have filed a UI claim in the post-service period than comparison group members (Table 15). In addition, in the event of a job loss REM participants were more likely than comparison group members to be qualified for UI benefits based on their earnings history (Table 16).

**Table 15. UI Claims Impacts**

<b>Cohort</b>	<b>Number of Post-Service Person-Quarters</b>	<b>All quarters after service ends: Comp group</b>	<b>All quarters after service ends: Treatment group</b>	<b>Unadjusted net effect</b>	<b>Adjusted net effect</b>
2006 Round 1	161	4.3%	1.0%	( 3.3%)	
2006 Round 2	313	4.5%	0.0%	( 4.5%)	
2006 Round 3	163	1.8%	0.8%	( 1.0%)	
2006 Round 4	145	6.2%	0.0%	( 6.2%)	
Overall	782	4.2%	0.4%	( 3.8%)	( 1.7%)

Source: UI claims records

**Table 16. Impact on UI Benefits Qualifications**

<b>Cohort</b>	<b>Number of Post-Service Person-Quarters</b>	<b>All quarters after service ends: Comp group</b>	<b>All quarters after service ends: Treatment group</b>	<b>Unadjusted net effect</b>	<b>Adjusted net effect</b>
2006 Round 1	18	83.3%	45.5%	( 37.9%)	
2006 Round 2	39	56.4%	57.7%	1.3%	
2006 Round 3	0	•	•	•	
2006 Round 4	0	•	•	•	
Overall	57	64.9%	54.1%	( 10.9%)	3.5%

Note: A dot indicates that there were too few participants or no observations to report.

Source: UI claims records



## CONCLUDING OBSERVATIONS AND NEXT STEPS

The Rapid Employment Model project was designed to shorten time unemployed and boost employment. The evidence continues to show that the project is meeting its objectives. Travis County participants who complete the occupational skills training are entering and retaining employment at higher rates than individuals in the comparison group. While earnings increases were not a primary expectation for the project, many participants have also experienced increased earnings following the training. As more time passes since participants completed the REM training, researchers will have more data to determine the project's true impact on employment and earnings trajectories.

It is also important to note the impact that REM participation has had on individuals' unemployment insurance benefits. Though it is not possible to directly measure the project's impact on time unemployed, the measures that are available are telling. While UI claims by REM participants held steady across pre- and post-service periods (less than one percent had filed a claim), the percent of individuals who would qualify for UI benefits based on their employment history increased dramatically in the post-service period. That REM participants can now access this important safety net in the event of a job loss is a significant impact of the project. Moreover, while the impacts on UI claims filed are not statistically significant, they are in the right direction: REM participants filed for UI benefits at a lower rate than did the comparison group.

As a demonstration project, the REM design appears to be a viable tool for working with disadvantaged residents in Travis County. The modifications that have been incorporated over the course of the project, particularly the narrowing of training options to more adequately address the employment barriers that participants are working to overcome, are important to its success. Moving forward, the County and Workforce Solutions should continue to monitor the type of participants engaged in the project to ensure that the training opportunities are appropriate.

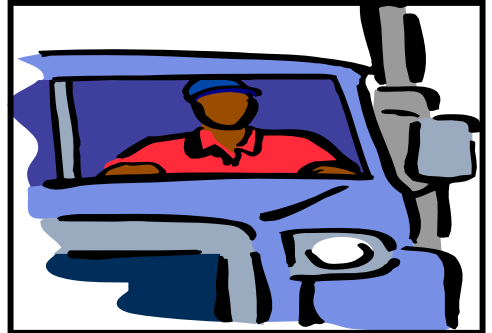
In the next phase of the evaluation, Ray Marshall Center researchers will continue to monitor post-service employment and earnings, as well as continue to refine the quasi-experimental impacts analysis and extend its application to the 2007 REM cohort. Center researchers would also like to explore the possibility of adding a benefit-cost or cost-

effectiveness analysis to the evaluation. This would allow researchers to answer the question: *Is the REM project worth the investment of public resources?* The answer would give Travis County Commissioners and others valuable information to help guide future workforce services investments.

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# Local Investments in Workforce Development: Evaluation Update



**Prepared by:**

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**Submitted to:**

Travis County Health and Human Services Department

December 2008



# **Local Investments in Workforce Development: Evaluation Update**

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***Submitted to:***

Travis County Health and Human Services Department

**December 2008**



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## Introduction

This report is an update to the report, *Local Investments in Workforce Development: Initial Evaluation Findings Final Report*, published in December 2007. Travis County contracted with the Ray Marshall Center to extend the initial evaluation of local government-funded workforce development services. The intent of this effort is to track longer-term participant outcomes and to continue to refine the quasi-experimental impact analysis.

### Background

Travis County and the City of Austin are unique among local governments in the United States in their approach to and support of workforce development. Rather than relying exclusively on federal funding to support services for their residents as most jurisdictions do, they have augmented federal and state funds with local tax dollars in workforce services for about a decade<sup>1</sup>, strategically coordinating their investments with Workforce Solutions – Capital Area<sup>2</sup>, the local workforce investment board. The City and County began in the late 1990s by directing resources that had been intended for use as part of the Samsung tax abatement effort to supporting a new workforce intermediary and training provider, Capital IDEA. Very shortly thereafter, the list of training providers supported by these funds began to expand, as did the types of services offered. Primary areas of emphasis for these local investments have been training and support services, offerings that have typically been constrained under federal program rules. In recent years, Travis County and the City together have expended around \$3 million annually on workforce services for local residents through a common group of providers.

For this evaluation, researchers are tracking participants from seven City- and County-funded workforce development programs. These are:

- *American Youth Works (AYW)* – provides education and training, including job readiness and occupational skills development, to youth ages 16-25

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<sup>1</sup> City and county tax expenditures on workforce services grew out of the experience with the Samsung-related agreements in the mid-to-late 1990s (Glover et al. 2007). The Austin Chamber of Commerce has also put member-services funding into some of these workforce organizations and initiatives over much of the last decade.

<sup>2</sup> Formerly known as *WorkSource* – The Greater Austin Workforce Board

- *Austin Academy* – provides workforce training in job readiness and basic office/clerical skills
- *Austin Area Urban League (AAUL)* – provides a variety of training options, including GED preparation, computer skills, and financial literacy classes
- *Capital IDEA* – offers long-term training for high-wage, high-demand occupations along with support services
- *Crime Prevention Institute (CPI)* – provides job readiness training and support services for individuals released from the Travis County Jail System
- *Goodwill Industries* – provides workforce services to disadvantaged residents, particularly youth and individuals with disabilities
- *Construction Gateway* – provides occupational skills training for work in the construction industry

## **Evaluation Approach**

The Travis County Health and Human Services Department has contracted with the Ray Marshall Center for the Study of Human Resources (Ray Marshall Center) at the University of Texas at Austin’s LBJ School of Public Affairs to continue the outcomes evaluation of local government investments in workforce development services begun under a contract with the City of Austin. The ongoing outcomes evaluation documents the results of workforce services participation, including the number of participants in employment; wages earned; and eligibility for unemployment insurance benefits.

The evaluation also features an exploratory effort to gauge the “value-added” from receiving these workforce services through *quasi-experimental impact analysis*, comparing labor market outcomes for local government-supported participants with those of a comparison group of similar non-participants. For the impact analysis, comparison group members were drawn from two possible sources in the Austin-area: individuals who either registered to look for employment with the state’s WorkinTexas program or who received “core” services under the Workforce Investment Act at Workforce Solutions Career Centers.

Quasi-experimental approaches tend to work well when participants for whom comparison groups are being created have sufficient prior employment and earnings histories and when data are available on a sufficient number of variables with which to perform the match. Youth and ex-offenders are problematical in this regard precisely because their prior employment and earnings histories are either lacking or difficult to determine with any real

confidence. The report presents quasi-experimental impacts only for groups/providers for which adequate matching could be performed.

### **Report Organization**

This report is organized into four sections including this Introduction. The second section presents the labor market outcomes that have been observed to date, some of which are multi-year results reported for earlier cohorts supported by the City of Austin and Travis County. The third section presents the results of the quasi-experimental impact analysis. The last section offers several concluding observations.

## **Labor Market Outcomes**

In this section, labor market outcomes for participants of locally-funded workforce development services are examined. Ray Marshall Center researchers have measured employment, earnings, Unemployment Insurance (UI) benefit eligibility and receipt in both the pre- and post-service periods.

### **UI Wage Records-Based Employment and Earnings**

A number of caveats should be noted before examining the labor market outcomes based on UI wage records. First, depending on the cohort data provided by each organization, the following discussion of employment and earnings outcomes may be more or less comprehensive. Incomplete participant records resulted in a number of individuals being dropped from the analysis. In addition, some individuals may not enter employment in UI-covered positions; this issue is particularly relevant to work in the construction industry, which traditionally operates through systems of self-employed contractors (see Stevens 2002). Finally, some numbers may have changed from what was reported in December 2007 due to updates in UI wage records.

### ***Employment***

#### **American Youth Works**

Between 2005 and 2006, American Youth Works served 619 individuals (Table 1). In the four quarters prior to enrolling with AYW, participants were reported in UI-covered employment approximately 27% of the time (third column). In their last quarter of participation at AYW (fourth column), approximately 36% of participants were reported as employed. Following their participation in the AYW program, 53% of participants were found in UI-covered employment across all post-service quarters (last column) up from 48% a year ago. For participants in the 2005 cohort, 55% were in UI-covered employment in the tenth quarter after service (seventh column).

**Table 1. American Youth Works Participant Quarterly Employment<sup>3</sup>**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	24.3%	33.6%	41.6%	56.9%	55.1%	51.3%
2006	482	28.2%	36.1%	47.5%	55.6%	•	53.1%
Overall	619	27.3%	35.5%	46.2%	55.9%	55.1%	52.6%

**Austin Academy**

Overall, Austin Academy served 301 clients between 2001 and 2006, with UI-reported employment in the four quarters prior to enrollment at approximately 53% (Table 2). In the last quarter of their participation in Austin Academy services, clients were employed approximately 50% of the time. In all post-service quarters, participants were in UI-covered employment about 63% of the time. For those participants for whom sufficient time has passed to examine employment ten quarters after service, 65% were reported employed.

**Table 2. Austin Academy Participant Quarterly Employment**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	59.0%	49.5%	63.9%	57.7%	70.1%	64.1%
2004	75	44.7%	44.0%	53.3%	57.3%	56.0%	56.3%
2005	73	55.1%	57.5%	75.3%	71.2%	65.8%	69.7%
2006	56	49.1%	48.2%	62.5%	57.1%	•	60.9%
Overall	301	52.7%	49.8%	63.8%	60.8%	64.5%	62.7%

<sup>3</sup> In this table and the ones to follow, a dot signifies cells with too few participants or no observations to report.

### **Austin Area Urban League**

Between 2004 and 2006, AAUL served 334 clients (Table 3). In the four quarters before entering the AAUL program, participants were employed in UI-covered positions approximately 49% of the time. In their last quarter of participation in the AAUL program, participants were employed approximately 61% of the time. In the second quarter following their participation in AAUL services, participants were employed approximately 67% of the time. For the 2004-2005 cohort, employment at ten quarters after service is reported at 66%. For all participants, employment in all quarters after service is reported at 66% as well.

**Table 3. Austin Area Urban League Participant Quarterly Employment**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004 to 2005	121	52.7%	57.0%	70.2%	67.8%	66.1%	66.0%
2006	213	47.1%	62.9%	65.7%	63.3%	•	66.3%
Overall	334	49.1%	60.8%	67.4%	65.0%	66.1%	66.2%

### **Capital IDEA**

Between 2003 and 2005, Capital IDEA served 321 participants (Table 4) who either completed services or dropped out of the program.<sup>4</sup> In the four quarters prior to their entry into the Capital IDEA program, participants show up in UI wage records approximately 69% of the time, while 79% were reported as employed in their final quarter of participation in the Capital IDEA program. Two quarters after receiving services through Capital IDEA, 79% of clients were employed; fully 78% were employed ten quarters after service. In all quarters after service, 79% of participants were reported in UI-covered employment.

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<sup>4</sup> Approximately 500 other participants were still receiving Capital IDEA services as this analysis was being conducted.



**Table 4. Capital IDEA Participant Quarterly Employment**

<b>Cohort</b>	<b>Total Participants*</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	184	68.1%	78.8%	78.3%	74.5%	76.9%	78.1%
2004	75	66.3%	78.7%	73.3%	78.7%	78.0%	77.9%
2005	62	72.2%	79.0%	85.5%	77.4%	84.6%	82.0%
Overall	321	68.5%	78.8%	78.5%	76.0%	77.6%	78.6%

\* Excludes continuing participants.

### **Crime Prevention Institute**

In the period 2004 to 2006, the Crime Prevention Institute served 218 participants. In the four quarters prior to entry into the CPI program these participants were found in employment records approximately 18% of the time (Table 5). Considering that an individual enters the CPI program following their release from incarceration, this low-level of employment in the pre-service period is not surprising. In the last quarter of their participation in the CPI program, these clients were employed approximately 49% of the time. Forty percent of participants were reported in UI-covered employment two quarters after service, and for those with sufficient post-service quarters, 40% were reported employed ten quarters after service.

**Table 5. Crime Prevention Institute Quarterly Employment**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004	23	14.1%	60.9%	43.5%	43.5%	39.1%	39.1%
2005	92	22.8%	56.5%	48.9%	39.1%	39.7%	40.6%
2006	103	14.8%	39.8%	31.1%	28.1%	•	30.9%
Overall	218	18.1%	49.1%	39.9%	34.6%	39.5%	36.9%

## Construction Gateway

Overall, between 2002 and 2006 Construction Gateway served 329 people (Table 6). In the four quarters prior to their enrollment in the Construction Gateway program these individuals were employed in UI-covered employment approximately 34% of the time, with 39% employed in their last quarter of program participation. In the post-service period, employment outcomes improved for Construction Gateway participants. Two quarters after service, approximately 56% were employed, while ten quarters out 53% were employed. In all post-service quarters, 53% of participants were reported in UI-covered employment. These employment rates are encouraging given the nature of the population served and the fact that construction work tends not to be covered by state UI programs.<sup>5</sup>

**Table 6. Construction Gateway Participant Quarterly Employment**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	43.1%	25.3%	49.4%	44.6%	47.0%	45.9%
2004	87	34.5%	37.9%	51.7%	52.9%	50.6%	50.8%
2005	85	30.9%	45.9%	64.7%	56.5%	62.4%	64.1%
2006	74	24.7%	47.3%	58.1%	45.9%	•	56.4%
Overall	329	33.5%	38.9%	55.9%	50.2%	53.3%	52.6%

## Goodwill

Between 2003 and 2006, Goodwill served a total of 437 participants (Table 7). Of these, participants were reported in UI wage records as employed approximately 58% of the time in the four quarters prior to their enrollment with Goodwill. During their last quarter of participation in the program, approximately 68% were employed. Approximately 73% were employed two quarters after their participation in the program, while 67% were employed ten quarters later.

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<sup>5</sup> See Stevens (2002) for a review of employment that is not covered by state UI laws.

**Table 7. Goodwill Participant Quarterly Employment**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	34	65.4%	73.5%	79.4%	91.2%	73.5%	81.5%
2004	170	65.0%	65.3%	66.5%	65.9%	61.2%	64.6%
2005	146	46.4%	63.0%	70.5%	73.3%	71.5%	70.2%
2006	87	61.5%	80.5%	85.1%	79.3%	•	82.3%
Overall	437	58.1%	68.2%	72.5%	73.0%	66.6%	70.4%

***Earnings***

Earnings are reported for those who were employed in the defined quarter(s); therefore, reported average earnings are likely to be for a smaller number of participants than are in the entire cohort.

**American Youth Works**

American Youth Works provided services to 619 participants between 2005 and 2006. As most of these participants were youth, their employment may be limited to the degree that they were also pursuing educational opportunities. For those participants with employment reported in the four quarters prior to enrolling with AYW, quarterly earnings averaged \$1,515 (Table 8). In their last quarter of participation, employed participants earned approximately the same amount, \$1,507. Following their participation in the AYW program, participants who were employed in the second quarter after service had average earnings of \$1,834. For the 2005 cohort, earnings in the tenth quarter after service rose to an average of \$2,877.

**Table 8. American Youth Works Average Quarterly Earnings of Those Employed<sup>6</sup>**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	\$1,408	\$1,424	\$1,860	\$2,424	\$2,877	\$2,447
2006	482	\$1,541	\$1,529	\$1,827	\$2,754	•	\$2,405
Overall	619	\$1,515	\$1,507	\$1,834	\$2,680	\$2,877	\$2,416

**Austin Academy**

Overall, 301 Austin Academy participants from 2001 to 2006 were identified in UI wage records. In the four quarters prior to their participation in the program, employed individuals earned on average \$3,314 per quarter (Table 9). Employed participants earned on average \$2,721 in their last quarter of service through Austin Academy. In the post-program period earnings rebounded, with participants employed in the second quarter out averaging \$3,622, while participants employed in the tenth quarter following service earned on average \$4,589.

**Table 9. Austin Academy Average Quarterly Earnings of Those Employed**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	\$3,440	\$2,527	\$3,559	\$4,309	\$4,885	\$4,711
2004	75	\$2,517	\$1,780	\$3,271	\$3,567	\$4,349	\$3,965
2005	73	\$3,364	\$3,117	\$3,515	\$4,360	\$4,380	\$3,922
2006	56	\$3,950	\$3,603	\$4,304	\$4,798	•	\$4,319
Overall	301	\$3,314	\$2,721	\$3,622	\$4,234	\$4,589	\$4,324

<sup>6</sup> In this table and the ones to follow, earnings have not been adjusted for inflation.

### **Austin Area Urban League**

For the 334 participants served by AAUL between 2004 and 2006, average quarterly earnings in the four quarters prior to program enrollment totaled \$3,447 (Table 10). Employed participants earned on average \$2,202 in their last quarter of participation in the AAUL program. In the second quarter following their participation in the AAUL program, employed participants earned on average \$3,460. For the 2004-2005 cohort, average earnings in the sixth quarter after service were \$4,845.

**Table 10. Austin Area Urban Leagues Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004 to 2005	121	\$3,290	\$2,164	\$3,231	\$4,590	\$4,845	\$4,302
2006	213	\$3,547	\$2,221	\$3,600	\$4,701	•	\$4,161
Overall	334	\$3,447	\$2,202	\$3,460	\$4,659	\$4,845	\$4,228

### **Capital IDEA**

Unlike the other providers examined in this report, Capital IDEA emphasizes long-term training for high-skill, high-wage jobs. While Capital IDEA began serving a considerable number of individuals between 2003 and 2005, a significant number of those are still in training and receiving workforce development services. Therefore, this analysis focuses solely on the 321 participants who either completed or dropped out of the program in those years. For those who were employed in the four quarters prior to enrollment in the program, quarterly earnings averaged \$4,429 (Table 11). Participants who were employed in the last quarter they received services from Capital IDEA earned on average \$4,580. In the post-service period, employed participants earned on average \$5,992 in the second quarter following participation and an average \$6,795 in the tenth quarter following participation.

**Table 11. Capital IDEA Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants*</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	184	\$4,370	\$4,814	\$6,050	\$6,994	\$6,824	\$6,701
2004	75	\$4,146	\$3,954	\$6,151	\$6,825	\$6,543	\$6,393
2005	62	\$4,908	\$4,640	\$5,670	\$6,344	\$7,209	\$6,253
Overall	321	\$4,429	\$4,580	\$5,992	\$6,825	\$6,795	\$6,576

\* Excludes continuing participants.

**Crime Prevention Institute**

For the 218 participants served by the Crime Prevention Institute in the period between 2004 and 2006, average quarterly earnings for those employed in the four quarters prior to participation in the program totaled \$1,995 (Table 12). During their last quarter of participation in CPI activities, employed participants earned on average \$2,087. In the second quarter following their participation, employed participants earned on average \$2,374. In the tenth quarter following participation, employed participants earned on average \$3,234.

**Table 12. Crime Prevention Institute Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2004	23	\$1,341	\$2,919	\$3,013	\$3,917	\$3,860	\$3,405
2005	92	\$2,143	\$2,094	\$2,118	\$3,135	\$3,009	\$2,857
2006	103	\$1,930	\$1,795	\$2,535	\$3,343	•	\$2,639
Overall	218	\$1,995	\$2,087	\$2,374	\$3,319	\$3,234	\$2,879

## Construction Gateway

Construction Gateway served a total of 329 participants in the 2002-2006 time frame. For participants who were employed in the four quarters prior to enrolling with Construction Gateway, quarterly earnings averaged \$4,577 (Table 13). In their last quarter of participation with the program, employed participants earned on average \$1,952. Participants employed in UI-covered positions earned an average of \$3,140 in the second quarter after service and an average \$4,896 in the tenth quarter after service.

**Table 13: Construction Gateway Average Quarterly Earnings of Those Employed**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	\$6,835	\$1,532	\$3,117	\$4,065	\$4,621	\$5,105
2004	87	\$4,491	\$2,287	\$3,312	\$4,500	\$5,168	\$4,760
2005	85	\$3,044	\$2,625	\$3,506	\$4,390	\$4,872	\$4,047
2006	74	\$2,501	\$1,139	\$2,513	\$3,049	•	\$2,840
Overall	329	\$4,577	\$1,952	\$3,140	\$4,072	\$4,896	\$4,415

## Goodwill

Between 2003 and 2006, Goodwill Industries served a total of 437 clients. For those that were employed in the four quarters prior to enrolling with Goodwill, quarterly earnings averaged \$3,792 (Table 14). In their last quarter of participation in the Goodwill program, employed clients earned on average \$2,883. Earnings improved in the post-program period. For those that were employed in the second quarter following service, quarterly earnings averaged \$4,077. For those that were employed in the tenth quarter following service, quarterly earnings averaged \$5,229. In all post-service quarters, employed participants earned an average of \$4,775.

**Table 14. Goodwill Average Quarterly Earnings of Those Employed**

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>Tenth quarter after service ends</b>	<b>All quarters after service ends</b>
2003	34	\$5,386	\$4,448	\$4,842	\$5,950	\$6,135	\$5,930
2004	170	\$3,708	\$2,537	\$3,883	\$4,150	\$4,902	\$4,493
2005	146	\$3,189	\$2,712	\$3,798	\$4,624	\$5,344	\$4,641
2006	87	\$4,067	\$3,097	\$4,484	\$5,003	•	\$4,921
Overall	437	\$3,792	\$2,883	\$4,077	\$4,668	\$5,229	\$4,775

### *Unemployment Insurance Benefits*

Ray Marshall Center researchers examined two measures related to UI benefits. In the first measure, qualification for UI benefits<sup>7</sup>, researchers examined participants' work histories in the pre- and post-service period to determine if workforce development services had increased participants' eligibility for receiving UI insurance in the event of a layoff or other employment separation. Qualification for UI benefits is based on length of employment, earnings levels, and reason for separation, among other factors. An individual must have sufficient earnings in UI-covered employment in at least two of the four quarters prior to separation to qualify for UI benefits. This measure is significant as it looks at the stability of an individual's employment. Prior to entering locally-funded workforce development services, most participants had a history of unstable employment. After their participation in these services, many of these individuals have moved into stable employment that qualifies them for benefits through the UI program, the nation's first-tier safety net for laid-off workers that is funded by both employers and workers.<sup>8</sup> In the second measure, UI benefit claims filed, researchers examined UI claims in both the pre- and post-service period to determine if workforce development services had reduced participants' reliance on UI benefits.

<sup>7</sup> In this report, "qualified for UI benefits" refers to individuals who met the employment and earnings threshold for those benefits. This threshold in combination with other factors, such as reason for separation, would ultimately determine whether or not an individual would be eligible to collect benefit payments.

<sup>8</sup> Employers pay taxes that directly support the UI program; economists point out that workers also contribute to the program indirectly in the form of somewhat lower wages.



## American Youth Works

As youth, the number of American Youth Works (AYW) participants who were qualified for UI benefits, particularly in the pre-service period, was not expected to be very large. An examination of UI wage records confirmed this expectation. About 10% of AYW participants were eligible for UI benefits in the four quarters prior to service (Table 15). When all quarters after service were examined, 39% of AYW participants had sufficient employment retention and earnings to be qualified for UI benefits in the event of a job separation.

**Table 15. Percent of American Youth Works Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	13.0%	•	•	30.7%	44.1%	38.6%
2006	482	8.8%	•	•	33.8%	•	39.3%
Overall	619	9.7%	•	•	33.1%	44.1%	39.0%

Given their low rates of qualification for UI benefits, researchers did not expect a large number of AYW participants to have filed a claim. In their last quarter of participation in the AYW program, just 0.2% of participants filed a claim for UI benefits. In all quarters after service, there was a slight up-tick in claims filed, to 0.4% of participants (Table 16).

**Table 16. Percent of American Youth Works Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2005	137	0.2%	0.0%	0.0%	0.0%	0.0%	0.3%
2006	482	0.0%	0.2%	0.8%	0.7%	•	0.4%
Overall	619	0.0%	0.2%	0.6%	0.4%	0.0%	0.4%

### Austin Academy

In the four quarters prior to participation in the Austin Academy program, about 46% of participants were qualified to receive UI benefits based on their earnings history (Table 17). In the tenth quarter after service, 58% of Austin Academy participants had qualified for UI benefits.

**Table 17. Percent of Austin Academy Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	54.6%	•	•	56.7%	57.7%	59.4%
2004	75	43.0%	•	•	50.7%	53.3%	52.1%
2005	73	45.2%	•	•	69.9%	61.6%	65.4%
2006	56	33.5%	•	•	51.8%	•	57.1%
Overall	301	45.5%	•	•	57.5%	57.6%	58.2%

Given that the time period examined for participation in the Austin Academy program includes the last economic downturn in Austin (2001-2003), researchers expected that a significant number of participants may have filed a UI claim. The numbers do not bear out this expectation (Table 18). For all participants between 2001-2006, just 2.5% had filed a UI claim in the four quarters prior to service and just 1.5% had filed a claim in any post-service quarter.

**Table 18. Percent of Austin Academy Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2001 to 2003	97	4.1%	4.1%	1.0%	2.1%	1.0%	2.0%
2004	75	2.3%	1.3%	0.0%	0.0%	0.0%	0.6%
2005	73	1.7%	2.7%	1.4%	2.7%	0.0%	1.5%
2006	56	0.9%	1.8%	0.0%	0.0%	•	1.5%
Overall	301	2.5%	2.7%	0.7%	1.5%	0.6%	1.5%

## Austin Area Urban League

Austin Area Urban League (AAUL) participants significantly increased their qualification for UI benefits when comparing pre- and post-service periods. In the four quarters prior to their participation in AAUL services, just 37% of individuals were eligible for benefits (Table 19). In all quarters after service, 61% of participants were qualified for UI benefits based on their earnings history.

**Table 19. Percent of AAUL Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004 to 2005	121	40.3%	•	•	55.4%	60.3%	59.2%
2006	213	35.0%	•	•	60.0%	•	63.3%
Overall	334	36.9%	•	•	58.3%	60.3%	60.8%

The percent of AAUL participants filing UI claims declined significantly between the pre- and post-service periods (Table 20). In the four quarters prior to participation, 4% of individuals had filed a UI claim. In all quarters after service, just 2% of AAUL participants filed a claim for UI benefits.

**Table 20. Percent of AAUL Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004 to 2005	121	5.6%	6.6%	1.7%	3.3%	0.0%	1.9%
2006	213	3.6%	5.6%	1.9%	0.0%	•	1.9%
Overall	334	4.3%	6.0%	1.8%	2.6%	0.0%	1.9%

## Capital IDEA

A large number of Capital IDEA participants who entered services between 2003 and 2005 are still in long-term training and receiving services. It should be noted again that the following analysis of Capital IDEA participants focuses solely on those individuals who completed or dropped out of services in the given time frame. In the pre-service period, 64% of Capital IDEA participants were qualified for UI benefits based on their earnings history (Table 21). That number increased to 75% in all quarters following participation in the program.

**Table 21. Percent of Capital IDEA Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	184	65.8%	•	•	76.1%	71.2%	73.7%
2004	75	61.0%	•	•	74.7%	73.2%	75.9%
2005	62	63.3%	•	•	82.3%	84.6%	81.7%
Overall	321	64.2%	•	•	76.9%	72.4%	74.9%

Capital IDEA participants also showed a significant decline in the filing of UI claims when comparing the pre- and post-service periods (Table 22). In the four quarters prior to their participation in the Capital IDEA program, about 5% of individuals filed a UI claim. In all of the post-service quarters, just 2% of participants filed a UI claim.

**Table 22. Percent of Capital IDEA Participants Filing UI claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	184	5.6%	0.5%	1.1%	3.7%	3.4%	2.0%
2004	75	2.7%	2.7%	0.0%	0.0%	0.0%	1.5%
2005	62	5.6%	4.8%	3.2%	0.0%	0.0%	2.0%
Overall	321	4.9%	1.9%	1.2%	2.4%	3.1%	1.9%

## Crime Prevention Institute

Individuals enter the Crime Prevention Institute (CPI) program upon their release from the Travis County jail. Because of this, researchers did not expect a significant number of participants to have qualified for UI benefits in the pre-service period. Surprisingly, 20% of CPI participants had a sufficient earnings history in the four quarters prior to service to qualify for UI benefits (Table 23). In all quarters after service, 28% of CPI participants qualified for UI benefits.

**Table 23. Percent of CPI Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004	23	12.0%	•	•	30.4%	30.4%	29.4%
2005	92	23.9%	•	•	33.7%	30.2%	31.5%
2006	103	18.0%	•	•	20.8%	•	19.2%
Overall	218	19.8%	•	•	27.5%	30.2%	28.3%

Given their low levels of eligibility for UI benefits, researchers did not expect to find a significant number of UI claims from CPI participants. In the four quarters prior to service, less than one percent of CPI participants filed a UI claim (Table 24). In all post-service quarters, UI claims were filed by just one percent of participants.

**Table 24. Percent of CPI Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2004	23	1.1%	0.0%	0.0%	0.0%	0.0%	0.9%
2005	92	1.1%	1.1%	2.2%	0.0%	0.0%	1.5%
2006	103	0.2%	0.0%	0.0%	0.0%	•	0.7%
Overall	218	0.7%	0.5%	0.9%	0.0%	0.0%	1.1%

## Construction Gateway

In the four quarters prior to participation in the Construction Gateway program, only 25% of individuals qualified for UI benefits based on their employment and earnings history (Table 25). In all post-service quarters, 44% of Construction Gateway participants qualified for UI benefits.

**Table 25. Percent of Construction Gateway Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	34.3%	•	•	41.0%	39.8%	37.1%
2004	87	27.9%	•	•	41.4%	44.8%	44.9%
2005	85	22.4%	•	•	58.8%	52.9%	54.8%
2006	74	15.9%	•	•	54.1%	•	47.8%
Overall	329	25.4%	•	•	48.6%	45.9%	43.7%

Construction Gateway participants showed a measurable decrease in UI claims filed between the pre- and post-service periods (Table 26). In the four quarters prior to service, 3% of participants had filed a claim for UI benefits. In all the post-service quarters, just 1% of participants had filed a UI claim.

**Table 26. Percent of Construction Gateway Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2002 to 2003	83	3.9%	4.8%	1.2%	0.0%	2.4%	0.9%
2004	87	3.7%	2.3%	0.0%	2.3%	1.1%	1.7%
2005	85	3.2%	2.4%	1.2%	0.0%	0.0%	0.6%
2006	74	0.3%	1.4%	0.0%	0.0%	•	0.0%
Overall	329	2.9%	2.7%	0.6%	0.7%	1.7%	1.0%

## Goodwill

Prior to their participation in the Goodwill program, 54% of individuals served by Goodwill qualified for UI benefits (Table 27). This improved in the post-service period. In all quarters after service, 65% of Goodwill participants qualified for UI benefits based on their employment and earnings history.

**Table 27. Percent of Goodwill Participants Qualified for UI Benefits**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	34	65.4%	•	•	79.4%	91.2%	83.9%
2004	170	61.6%	•	•	59.4%	57.6%	58.2%
2005	146	42.5%	•	•	65.1%	67.9%	64.9%
2006	87	54.6%	•	•	79.3%	•	76.3%
Overall	437	54.1%	•	•	66.8%	65.1%	64.7%

While Goodwill participants had the highest rate of UI claims for all providers examined, they also demonstrated a significant decrease in claims in the post-service period (Table 28). In the four quarters prior to their participation in Goodwill services, about 7% of individuals had filed a UI claim. In all the post-service quarters, just 3% of Goodwill participants filed UI claims.

**Table 28. Percent of Goodwill Participants Filing UI Claims**

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	Tenth quarter after service ends	All quarters after service ends
2003	34	8.8%	2.9%	5.9%	0.0%	0.0%	4.1%
2004	170	8.5%	8.2%	1.2%	1.8%	3.6%	3.1%
2005	146	5.1%	3.4%	0.7%	2.2%	5.8%	3.0%
2006	87	5.7%	9.2%	2.3%	2.9%	•	3.6%
Overall	437	6.9%	6.4%	1.6%	1.9%	3.5%	3.2%

## Quasi-Experimental Impact Estimates

This section reports the results of exploratory quasi-experimental impact estimation conducted by Ray Marshall Center researchers to gauge the “value added” of participation in locally-funded workforce development services. Researchers are continuing to refine their approach to impact estimation and will present additional estimates in future reports.

The quasi-experimental impact analysis compared employment and earnings outcomes for locally-funded workforce services participants with a comparison group of individuals who received basic workforce services (e.g., job matching, resume development). For three workforce services providers—American Youth Works, Construction Gateway, and Crime Prevention Institute—it was not possible to create appropriate comparison groups for the analysis. This is likely due to the fact that the clients served by these organizations—youth and ex-offenders—have limited employment and earnings histories prior to enrolling in services, making the matching process less reliable. For the remaining workforce services providers, the analysis reveals mixed impacts, only some of which are statistically significant. Findings are detailed below.

### Quasi-Experimental Estimation

In an attempt to measure the impacts of locally-funded workforce services, researchers conducted a quasi-experimental analysis comparing labor market outcomes for workforce participants with those of a comparison group of similar non-participants. Quasi-experimental analysis has been shown to produce impact estimates comparable to those resulting from more rigorous and costly approaches involving the use of experimental designs that randomly assign individuals to treatment and control status.<sup>9</sup> In fact, for some groups, quasi-experimental estimates tend to understate employment and earnings impacts from workforce services. For these reasons, results presented in this report, while exploratory, should be considered *conservative estimates* of the true impacts.

Quasi-experimental approaches tend to work well when participants for whom comparison groups are being created have sufficient prior employment and earnings histories and when data are available on a sufficient number of variables with which to perform the

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<sup>9</sup> For example, see Greenberg et al. (2006) and Hollenbeck and Huang (2006).



requisite match. Youth and ex-offenders are problematical in this regard precisely because their prior employment and earnings histories are either lacking or difficult to determine. Quasi-experimental impacts are presented only for those groups/providers for which adequate matching could be performed.

Potential comparison group members were drawn from two sources: individuals who either registered to look for employment using the state's WorkinTexas program or who received "core" services under the Workforce Investment Act (such as job-matching or resume development). Thus, the comparison group selected as described below is not a "no-services," but rather a "low-intensity services" group. The resulting impact estimates thus reflect the *incremental value* of the community's investments in workforce services. For providers that are primarily providing job search assistance and other short-term services (e.g., Austin Area Urban League, Goodwill, Construction Gateway), impact estimates are likely to be biased downward even more so than expected, in that comparison group members may have received similar services. For providers like Capital IDEA that are providing longer-term, intensive skill investments, the estimated impacts will be conservative estimates of the incremental value of local workforce investments over and above low-intensity services already available through WorkinTexas or WIA "core" services provided through Workforce Solutions Career Centers.

Workforce services participants were matched on a one-to-one basis with potential comparison group members using a method known as *weighted multivariate matching*. This technique places greater weights on those variables showing greater initial (pre-service) differences. Matching was done by selecting for each participant the one comparison group member judged most similar. Matching was done without replacement, with no caliper applied to eliminate poor matches, since doing so would have reduced the generalizability of the results.

Researchers were able to access matching variables for most participants in locally-funded workforce services. *Exact matches* carried out included: county; year of entry into the program; and whether or not individuals had recently experienced an earnings dip of 20% or more. *Distance matches* were also carried out on up to 15 variables by treating them as numeric and including them in the overall multivariate distance measurement. These variables included: age (for those programs with a recorded birth date), gender, race/ethnicity (White, Black, Hispanic), time since first earnings, employed at entry, percent of time

employed over four (4) years prior to program entry, average quarterly earnings over four (4) years prior to program entry, percent of time in any workforce development service in the year immediately prior to program entry (matched according to service intensity: high for training programs, and low for job placement services), any UI claims filed in the year prior to program entry, any UI benefits received in the year prior to program entry, and whether the individual's earnings history qualified for UI if he/she were to lose a job. For those experiencing a recent earnings dip, the time since the earnings dip and the percent of earnings represented by the dip were also included in the matching process.

The Austin Academy, AAUL, Capital IDEA, Construction Gateway and Goodwill treatment groups did not differ from their respective comparison groups on any variables (see Appendix A for further details). The other two programs, American Youth Works and Crime Prevention Institute, did not fare as well. American Youth Works differed from its comparison group on seven variables; therefore, it is excluded from further analysis. While Crime Prevention Institute did not fail any of the matching tests, the lack of offender status data for comparison pool members makes any match unreliable. The employment barriers faced by ex-offenders are significant and are known to suppress employment and earnings over time. Therefore, RMC researchers have chosen to exclude CPI from the impacts analysis. Further research is planned to tailor the matching process more to the individual service providers and their target populations.<sup>10</sup>

Note that the impacts tables display two effects columns. The Unadjusted Net Effect simply shows the computed difference between the treatment and comparison groups on the outcome in question. The Adjusted Net Effect column presents the net effect after further statistical adjustments have been made (e.g., demographic differences). The figures in the Adjusted Net Effect column are the measures of program impacts emphasized in the discussion that follows.

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<sup>10</sup> A technical appendix, which contains greater detail on the matching process and earnings impact figures for the other providers, is available from the authors on request. Contact Dr. King to receive a copy at [ctking@uts.cc.utexas.edu](mailto:ctking@uts.cc.utexas.edu).

## Employment Impacts

Statistically significant net impacts on quarterly employment were found for four of the five service providers examined (Table 29). In the case of Construction Gateway, it is important to recognize that individuals in the construction industry are more likely to be self-employed and therefore would not be represented in the UI wage records that are the basis of this analysis. Given this, quarterly employment (and associated earnings) for Construction Gateway participants is likely under-reported, which may put them at a disadvantage relative to the comparison group.

**Table 29. Quarterly Employment Impacts**

Provider	All Qtrs After Service Ends: Comparison Group	All Qtrs After Service Ends: Treatment Group	Unadjusted Net Effect	Adjusted Net Effect
Austin Academy (2001-2006)	60.5%	62.9%	2.4%	2.3%*
AAUL (2004-2006)	65.8%	66.2%	0.4%	4.8%**
Capital IDEA (2003-2005)	68.8%	78.6%	9.9%	10.4%**
Construction Gateway (2002-2006)	54.3%	52.9%	(1.5%)	(0.2%)
Goodwill (2003-2006)	68.2%	70.4%	2.2%	3.5%**

Note: \*\*= significant at  $p < .01$ , \*=at  $p < .05$

## Earnings Impacts

Two measures of earnings are presented below. In the table, earnings impacts are presented only for those who were employed. In the subsequent figures, earnings impacts are averaged across all participants, whether or not they were employed. The latter measure is a summary measure that captures the full impacts of the programs.

Locally-funded workforce services had statistically significant impacts on average quarterly earnings for all providers examined (Table 30). However, only one provider—Capital IDEA—experienced a significant *positive* earnings impact. This impact is likely due both to the type of employment that Capital IDEA participants train for and their workforce intermediary approach to providing services. About three-quarters of Capital IDEA participants are trained in nursing and allied health careers via Austin Community College, while others train for careers in accounting, information and wireless technologies, and education. Capital IDEA participants enjoyed a measurable earnings advantage over comparison group members.

**Table 30. Average Quarterly Earnings Impacts of Those Employed**

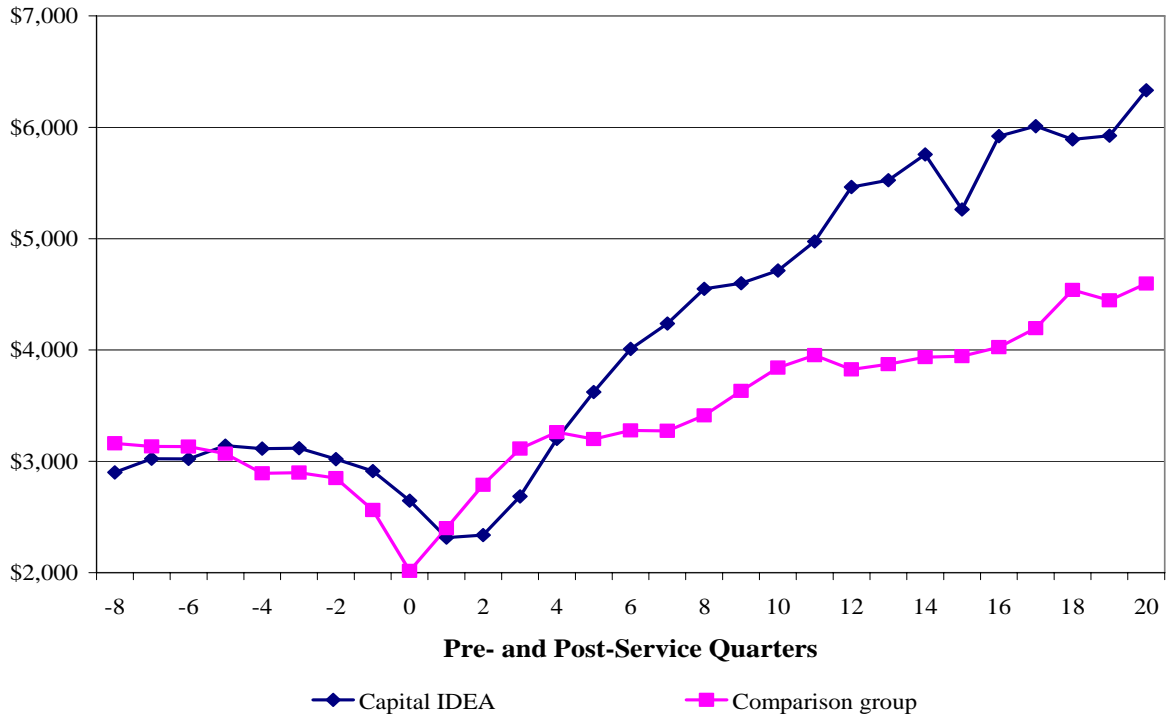
<b>Provider</b>	<b>All Qtrs After Service Ends: Comparison Group</b>	<b>All Qtrs After Service Ends: Treatment Group</b>	<b>Unadjusted Net Effect</b>	<b>Adjusted Net Effect</b>
Austin Academy (2001-2006)	\$4,541	\$4,313	\$-228	\$-432**
AAUL (2004-2006)	\$4,437	\$4,228	\$-2087	\$-319**
Capital IDEA (2003-2005)	\$5,494	\$6,576	\$1,082	\$696**
Construction Gateway (2002-2006)	\$5,476	\$4,415	\$-1,061	\$-772**
Goodwill (2003-2006)	\$4,920	\$4,775	\$-145	\$-332**

Note: \*\*= significant at  $p < .01$ , \*=at  $p < .05$

Earnings depicted in the figures below provide a summary measure of participants’ employment and earnings experiences. Treatment group earnings shown in these figures are averaged across *all* participants in these quarters, not just those who were employed. The difference between earnings for treatment and comparison group members captures the overall earnings impact of the program.

Figure 1 shows that by the end of the measurement period, the advantage gained by Capital IDEA participants was large (about \$1,500/quarter), statistically significant and apparently still widening. By the end of the period, participants were experiencing roughly a 100% gain in quarterly earnings compared with their 2-year pre-service average. It is also noteworthy that the earnings of comparison group members who only had the benefit of low-intensity workforce services essentially flattened out at ten quarters, though there was an uptick in their earnings over the last four quarters. This result appears to demonstrate both the added value of local investments in workforce services as well as the benefit of investing in occupational skills development in high-wage, growth sectors of the labor market, such as healthcare.

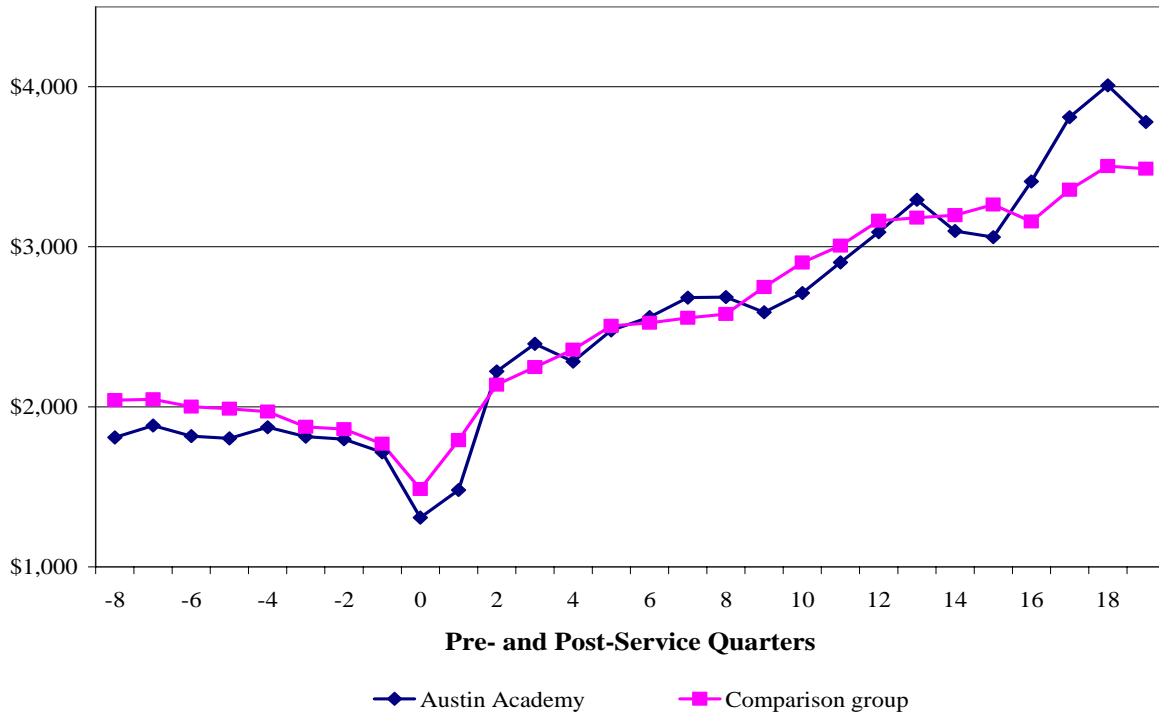
**Figure 1. Capital IDEA vs. Comparison Group Earnings Over Time<sup>11</sup>**



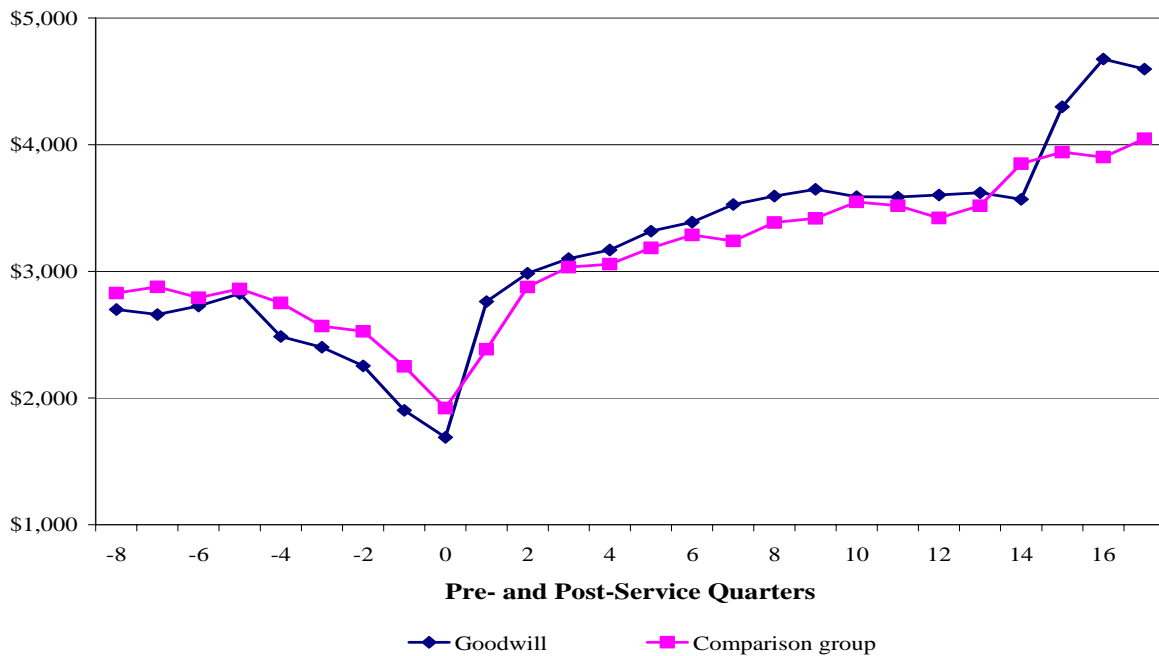
Austin Academy and Goodwill participants tracked very closely with their comparison group members on employment and earnings in the pre-service period. In the post-service period, Goodwill participants show slightly stronger employment and earnings outcomes than their comparison group while outcomes for Austin Academy participants and their comparison group fluctuated. (See Figures 2 and 3). It is interesting that an apparent positive earnings impact for participants in both Austin Academy and Goodwill programs shows up after quarter 15 post-service. Whether this advantage is sustained will be ascertained as additional data become available over time.

<sup>11</sup> Earnings in this figure are averaged across all participants, whether employed or not.

**Figure 2. Austin Academy vs. Comparison Group Earnings Over Time<sup>12</sup>**



**Figure 3. Goodwill vs. Comparison Group Earnings Over Time<sup>13</sup>**

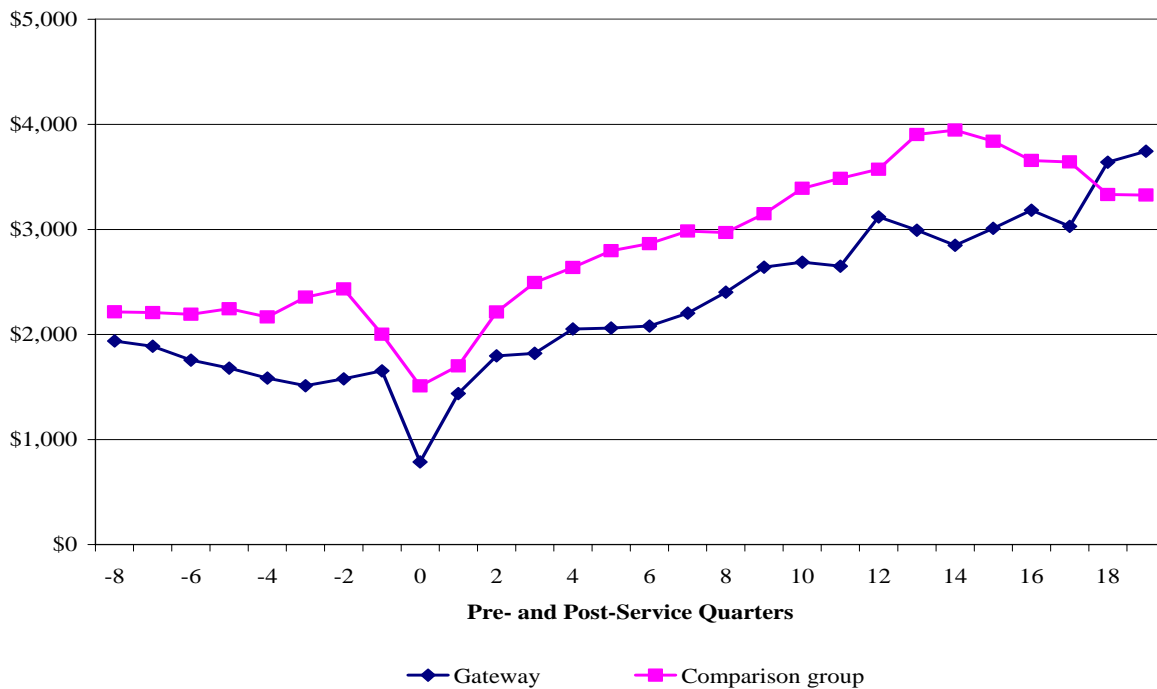


<sup>12</sup> Earnings in this figure are averaged across all participants, whether employed or not.

<sup>13</sup> Earnings in this figure are averaged across all participants, whether employed or not.

While the earnings impact for Construction Gateway participants is strongly negative, it is important to once again point out that a large share of construction work is self-employment and would not be reported to the UI system. Therefore, average quarterly earnings reported here and used in the quasi-experimental analysis are likely to substantially under-report true earnings for those participants, putting them at a serious disadvantage relative to the comparison group. From Figure 4, it appears clear that pre- and post-service earnings patterns were similar for Gateway treatment and comparison group members, though the actual earnings were fairly divergent. The consistently lower earnings of Gateway participants in the post-service period, however, suggest that, unlike the comparison group, Gateway participants may be working more in jobs that are not covered by the State’s UI program. Another factor for consideration is that the Gateway program serves a large number of ex-offenders; as offender status is not available as a matching criterion for comparison group members the quality of the match could be impacting these results. More research and better data are needed to address this issue.

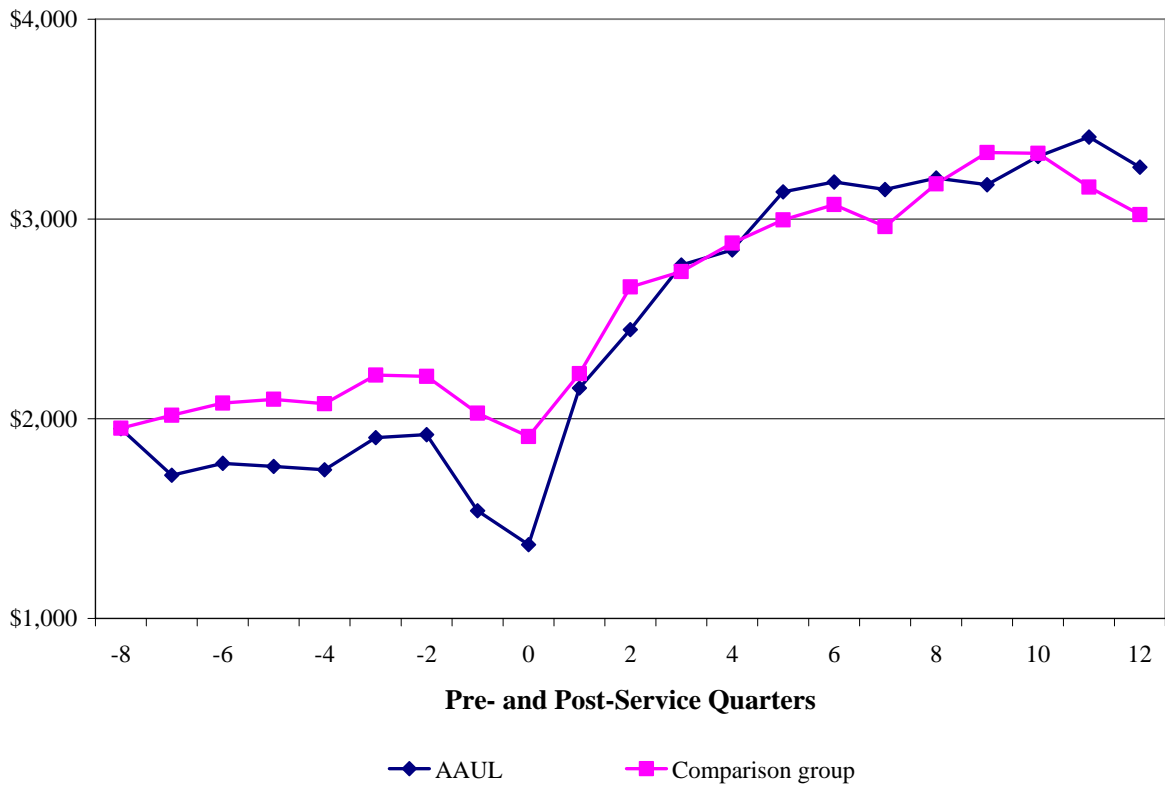
**Figure 4. Construction Gateway vs. Comparison Group Earnings Over Time<sup>14</sup>**



<sup>14</sup> Earnings in this figure are averaged across all participants, whether employed or not.

Austin Area Urban League (AAUL) participants and their comparison group show a similar pre-service pattern as the Construction Gateway analysis. While pre-service employment and earnings indicate a similar trend, there is a wide divergence between the two groups. In the post-service period, the divergence in earnings between the two groups narrows and earnings follow similar trends over time (see Figure 5).

**Figure 5. AAUL vs. Comparison Group Earnings Over Time<sup>15</sup>**



<sup>15</sup> Earnings in this figure are averaged across all participants, whether employed or not.



## **Concluding Observations and Next Steps**

The investment of local tax dollars into workforce development services is a clear indication of the value that Travis County and the City of Austin place on human capital. These investments target disadvantaged residents in the region and offer a variety of short- and long-term occupational skills training, educational opportunities, and support services. The Ray Marshall Center's evaluation of these investments seeks to determine whether participation in locally-funded workforce development services makes a significant impact on employment and earnings.

Participants in most programs do appear to have significantly increased their employment, when compared with others who only received basic job referral and/or job search services in the community. Capital IDEA participants, who are engaged in longer-term training for higher-wage employment than participants in other programs, demonstrated the largest gains in both employment and earnings. While the impacts analysis indicates that participants in most programs experienced earnings gains over time, they typically earned less than comparison group members. The positive employment impacts for participants overall, however, indicate that these programs are indeed helping individuals succeed in the labor market. As the emphasis of most providers was on boosting employment in the short-term, not increasing earnings through occupational skills development, the findings reported here are consistent with that approach.

Moving forward, RMC researchers will continue to test the matching process and refine the impacts analysis methodology. Ensuring that the matching process identifies those characteristics that define participants unique to each program will enable a higher level of confidence in the findings. In addition, the inclusion of more post-service quarters in the analysis will allow researchers to determine the near-term and longer-term impacts of program participation. One line of inquiry for the next report will be to determine how participants fare during the current economic recession.

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## Appendix A

The adequacy of each comparison group for the quasi-experimental impacts analysis was judged by performing t-tests. These tests compared treatment and comparison groups on the same 18 dimensions. If the groups were statistically different at  $p < .01$  on more than two dimensions, the comparison was considered inadequate. Table A-1 provides the results of these tests.

**Table A-1. Summary of Differences between Treatment and Selected Comparison Groups, by Provider**

	AAUL	American Youth Works	Austin Academy	Capital IDEA	Crime Prevention Institute	Construction Gateway	Goodwill
Age		**	-				-
Average earnings, 4 years prior		**					
Percent of earnings that earnings dip represents							
Employed at entry							
White							
Black		**					
Hispanic		**					
Gender, female					-		
Eligible for UI based on work history							
Percent of time employed, 4 years prior							
Time since first observed earnings, quarters		**					
Time since earnings dip, quarters							
Any UI benefits in prior year							
Any UI claims in prior year							
Any high-intensity workforce development in prior year							
Percent of time in high-intensity workforce development in prior year							
Any low-intensity workforce development in prior year		**					
Percent of time in low-intensity workforce development in prior year		**					
Pass or fail test for adequacy of comparison group	PASS	FAIL	PASS	PASS	PASS	PASS	PASS

Note: \*\*=significantly different at  $p < .01$ , - =test could not be computed

# Evaluating Local Investments in Workforce Services: Update

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Travis County Commissioners' Court  
Austin, TX

March 12, 2009



# Presentation Outline

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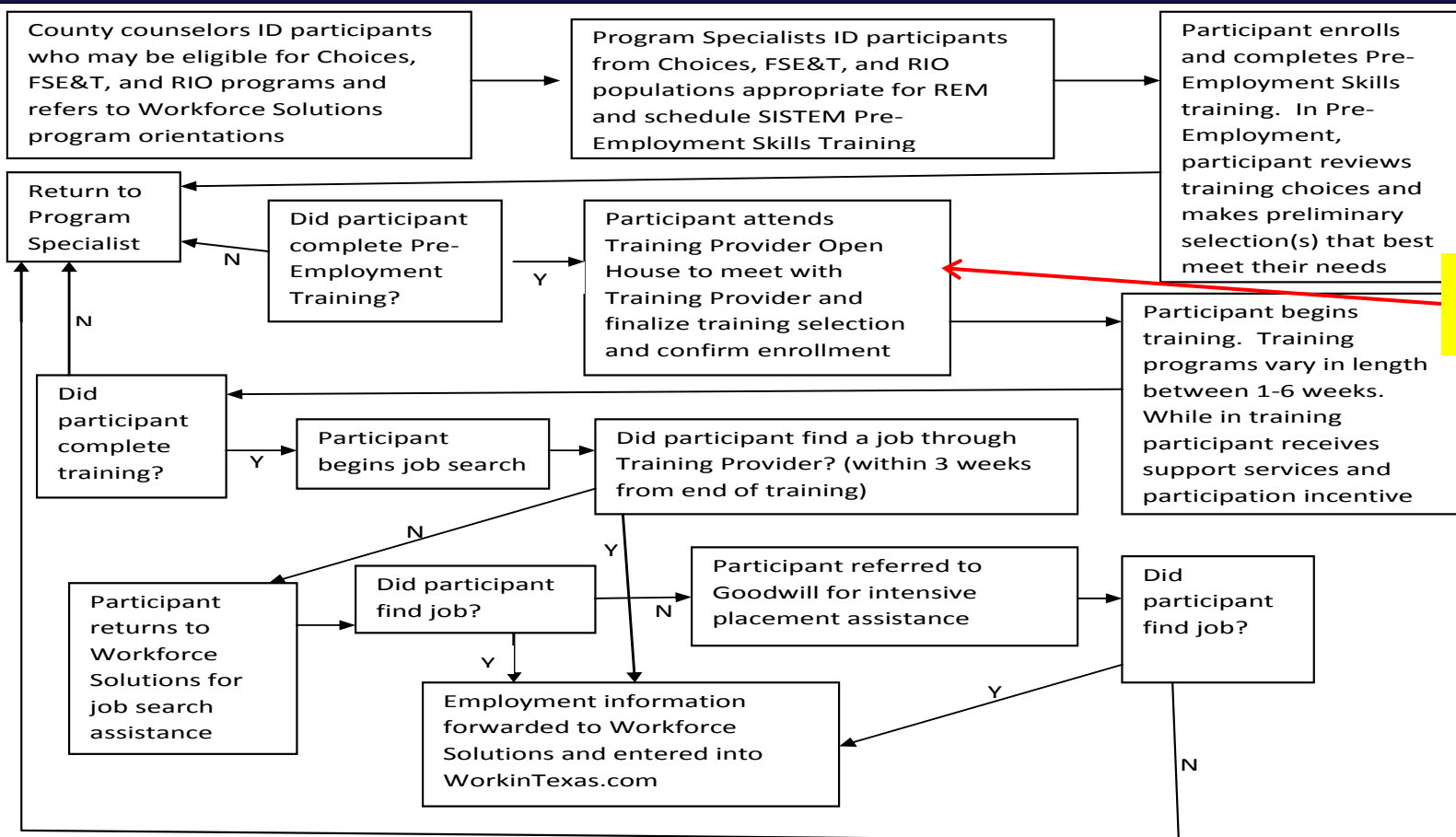
- **Evaluation findings from two sets of local workforce investments:**
  - **Rapid Employment Model (REM)**
  - **County-/City-funded Workforce Services Providers**
- **Concluding Observations**
- **Recommendations**

# REM Overview

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- Launched in January 2006
- Partnership of Workforce Solutions & Travis County with local training providers
- Tests workforce services (short-term training and job search assistance) designed to decrease time individuals are out of work
- Two cohorts: 2006 and 2007 REM participants
- Targets disadvantaged/indigent County residents, especially recently released offenders (Project RIO) and Food Stamp & TANF recipients

# REM Participant Flow



**Actual REM Enrollment**



# REM's Expected Outcomes

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- Connect individuals with significant employment barriers to jobs paying \$9+/hour
- Immediate employment with opportunities for career advancement and retention
- Reduced time unemployed
- Reduced public benefits (e.g., UI claims, Food Stamps, TANF)
- Ability to pay restitution, probation/parole fees (especially for Project RIO participants)



# REM Evaluation

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## Outcomes Evaluation

- Document and analyze REM's results, e.g., increased employment and earnings, reduced UI claims
- Validate provider-reported outcomes

## Impacts Analysis

- Quasi-experimental analysis to gauge REM's *net value added*

# Evaluation Data Sources

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- Provider records
- The Workforce Information System of Texas (TWIST) data
- Linked UI wage and benefit records
- Other: TANF, Food Stamp E&T data

# REM Providers

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- Austin Academy (2006, 2007)
- Austin Community College - Truck Driving (2006, 2007)
- Construction Gateway -Skillpoint Alliance (2006, 2007)
- Institute for Child Care Excellence (2006)
- Professional Institute of Dental Assisting (2006)
- Central Texas Nurse Network (2007)
- Goodwill Industries (2006, 2007) – for *employment services only*

# Initial REM Training Options

- Administrative Assistant training in basic office and computer skills (ACC, Austin Academy). 4- to 6-week program.
- Certified Nurse Aide training to prepare students for certification (CTNN). 2-week program.
- Child Care Provider training for work in preschools and day care centers (ICCE). 5-day program.
- Construction Trades training and basic OSHA certifications (Construction Gateway). 5-week program.
- Dental Assistant training for work in dental offices (PIDA). 6-week program.
- Earth Moving Equipment Operator training for work at construction sites (ACC). 3.5-week program.
- Teacher's Aide training for work in primary and secondary classrooms (ACC). 3-day program.
- Truck Driver training to prepare students for the commercial driver's license exam (ACC). 4-week program.

# REM Participants

In both 2006 and 2007, the overwhelming majority of participants were ex-offenders from Project RIO

Program	2006		2007		Overall	
	n	%	n	%	n	%
Choices	16	14.3%	24	21.6%	40	17.9%
FSET	.	.	.	.	5	2.2%
Project RIO	93	83.0%	85	76.6%	178	79.8%
Total	112	100%	111	100%	223	100%

A dot indicates there were too few participants to report.  
Source: Workforce Solutions data.

# Evaluation Findings: Outcomes

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Initial outcomes based on training provider reports and Workforce Solutions records are as follows:

- For 2006 participants, 73 of the 112 participants in the first four rounds (65%) were employed, full- or part-time, immediately following REM participation.

- Average wage at entry was \$10.68 per hour

- For 2007 participants, 72 of 111 participants (65%) were employed, full- or part-time, immediately following REM participation.

- Average wage at entry was \$9.59 per hour

# UI-Based Employment Results 2006 Participants

Almost 60% of participants were employed in the second quarter after service. In all post-service quarters, 54% of 2006 REM participants were employed.

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	Sixth quarter after service ends	All quarters after service ends
2006 Round 1	18	22.2%	55.6%	61.1%	35.3%	47.7%
2006 Round 2	35	15.7%	51.4%	60.0%	54.3%	58.4%
2006 Round 3	26	13.5%	57.7%	53.8%	42.3%	51.3%
2006 Round 4	24	15.6%	41.7%	62.5%	50.0%	55.7%
Overall	103*	16.3%	51.5%	59.2%	47.1%	54.1%

Source: UI wage records and authors' calculations.

\* Some participants could not be located in UI records due to invalid SSNs or employment in non-UI covered jobs.

# UI-Based Employment Results 2007 Participants

2007 REM participants more than doubled their rate of employment from the four quarters before service to the second quarter post-service.

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	All quarters after service ends
2007 Round 1	17	25.0%	29.4%	70.6%	60.0%
2007 Round 2	20	16.3%	35.0%	40.0%	44.4%
2007 Round 3	14	21.4%	35.7%	50.0%	50.0%
2007 Round 4	18	25.0%	33.3%	50.0%	54.0%
2007 Round 5	16	23.4%	18.8%	68.8%	67.3%
Overall	85*	22.1%	30.6%	55.3%	54.0%

Source: UI wage records and authors' calculations.

\* Some participants could not be located in UI records due to invalid SSNs or employment in non-UI covered jobs.



# UI-Based Earnings Results

## 2006 Participants

Average quarterly earnings of employed 2006 REM participants rose to almost \$5,400 in the sixth post-service quarter, an increase of almost 175% over the 4 quarter pre-REM average

<b>Cohort</b>	<b>Total Participants</b>	<b>Four quarters before service</b>	<b>Last quarter of service</b>	<b>Second quarter after service ends</b>	<b>Sixth quarter after service ends</b>	<b>All quarters after service ends</b>
2006 Round 1	18	\$2,082	\$1,073	\$3,252	\$4,505	\$3,701
2006 Round 2	35	\$2,311	\$1,695	\$3,818	\$6,384	\$4,990
2006 Round 3	26	\$1,459	\$1,447	\$1,853	\$4,303	\$3,519
2006 Round 4	24	\$1,750	\$2,177	\$3,331	\$5,139	\$4,122
Overall	103*	\$1,953	\$1,598	\$3,145	\$5,361	\$4,265

Source: UI wage records and authors' calculations.

\* Some participants could not be located in UI records due to invalid SSNs or employment in non-UI covered jobs.

# UI-Based Earnings Results

## 2007 Participants

In the second quarter after service, participant earnings averaged \$3,191 per quarter, an increase of 35% over their 4-quarter pre-REM average.

Cohort	Total Participants	Four quarters before service	Last quarter of service	Second quarter after service ends	All quarters after service ends
2007 Round 1	17	\$2,766	\$1,227	\$3,234	\$3,462
2007 Round 2	20	\$2,434	\$968	\$2,467	\$2,678
2007 Round 3	14	\$2,380	\$1,154	\$3,651	\$3,508
2007 Round 4	18	\$2,338	\$782	\$2,514	\$2,823
2007 Round 5	16	\$1,845	\$2,095	\$3,931	\$3,496
Overall	85*	\$2,360	\$1,141	\$3,191	\$3,179

Source: UI wage records and authors' calculations.

\* Some participants could not be located in UI records due to invalid SSNs or employment in non-UI covered jobs.

# Other UI-Based Outcomes

## 2006 Participants

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- Researchers examined two measures related to UI benefits: qualification for benefits and actual claims filed.
- In the four quarters prior to REM participation, just 10% of participants were qualified for UI benefits based on their earnings history alone. In the sixth quarter after completing REM, 53% of participants qualified for UI benefits.
- Less than 1% of participants had actually filed a UI claim prior to or after their REM participation.

# Quasi-Experimental Impacts Analysis

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- Compares labor market outcomes for 2006 REM participants with those of a comparison group of similar non-participants
- Comparison group members are drawn from those who registered with WorkInTexas.com or who received core services at Workforce Solutions Career Centers
- Impacts are adjusted to account for demographic and other remaining differences between participants and comparison group members
- Impact estimates reflect the *incremental value* of the County's investments in the REM project

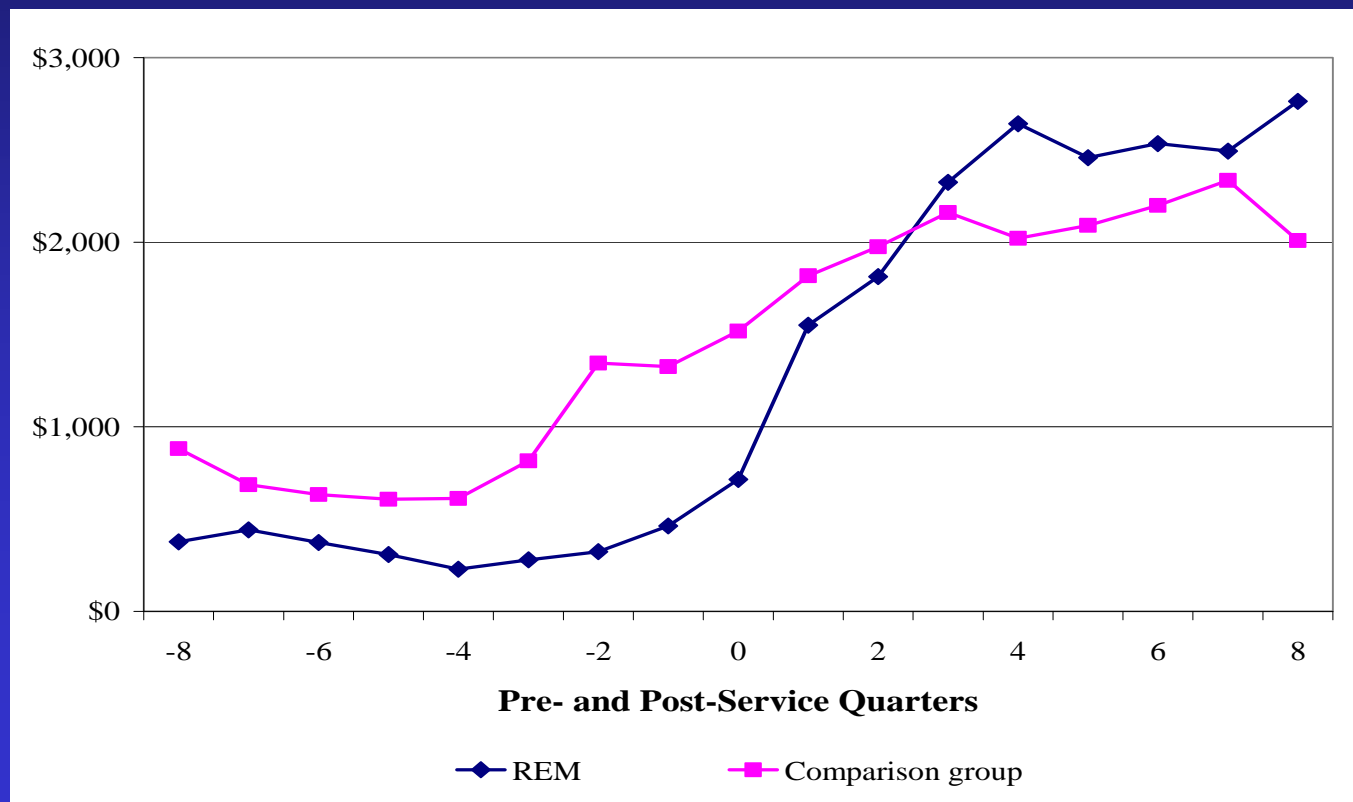
# Quarterly Employment and Earnings Impacts - 2006 Participants

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- Participation in the REM project was associated with a positive, statistically significant impact on employment
- Participants were 5.3 percentage points more likely to be employed in the post-service period than non-participants
- Though not statistically significant, REM participation had a small, positive impact on quarterly earnings (\$230)

# REM vs. Comparison Group Earnings Over Time

- Examines employment and earnings impacts for all participants and comparison group members, whether or not employed.
- In the third post-service quarter, REM participants' earnings overtake the comparison group and remain strong thereafter.



# REM Evaluation: Concluding Observations

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- Evidence continues to demonstrate that the REM project is meeting its objectives, especially in terms of increased employment and possibly earnings
- The percent of individuals who would qualify for UI benefits based on their employment history increased dramatically in the post-service period. Access to this important safety net in the event of a job loss is a significant impact of the REM project
- The REM design appears to be a viable, short-term tool for working with disadvantaged County residents

# County-funded Workforce Services Providers Evaluation

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- Ray Marshall Center is also conducting an outcomes and quasi-experimental impacts analysis of other workforce services providers funded by the County (and City of Austin), some focused on more intensive skills training
- Five providers are included in the study:
  - Austin Academy (2001-2006 participants)
  - Austin Area Urban League (2004-2006 participants)
  - Capital IDEA (2003-2005 participants)
  - Construction Gateway (2002-2006 participants)
  - Goodwill (2003-2006 participants)



# Evaluation Design and Data Sources

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## Design

- Document and analyze results, e.g., increased employment and earnings, reduced UI claims
- Validate provider-reported outcomes
- *Impacts Analysis* - Quasi-experimental analysis to gauge *net value added* of participation

## Data Sources

- Provider records
- Linked UI wage and benefit records

# Quarterly Employment Impacts

Positive, statistically significant employment impacts were found for four of five providers.

<b>Provider</b>	<b>All Qtrs After Service Ends: Comparison Group</b>	<b>All Qtrs After Service Ends: Treatment Group</b>	<b>Unadjusted Net Effect</b>	<b>Adjusted Net Effect</b>
Austin Academy (2001-2006)	60.5%	62.9%	2.4%	2.3%*
AAUL (2004-2006)	65.8%	66.2%	0.4%	4.8%**
Capital IDEA (2003-2005)	68.8%	78.6%	9.9%	10.4%**
Construction Gateway (2002-2006)	54.3%	52.9%	(1.5%)	(0.2%)
Goodwill (2003-2006)	68.2%	70.4%	2.2%	3.5%**

Source: UI wage records and authors' calculations

Note: \* = significant at  $p < 0.5$ , \*\* = at  $p < 0.01$

# Quarterly Earnings Impacts

For employed participants, only one provider had a statistically significant, positive impact on earnings: Capital IDEA.

- Likely due to the type of employment Capital IDEA participants train for (75% in health/allied health via ACC) and the other services they receive

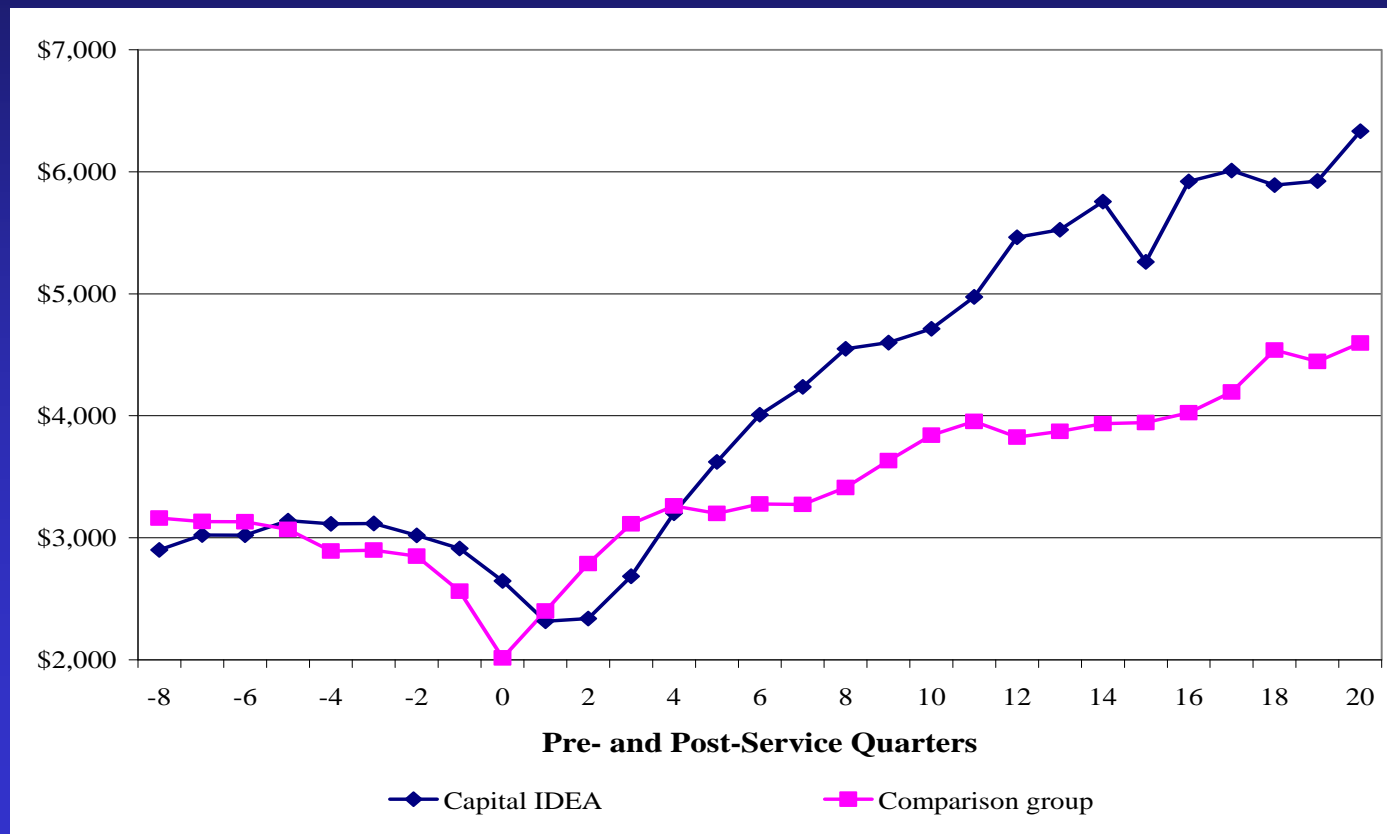
<b>Provider</b>	<b>All Qtrs After Service Ends: Comparison Group</b>	<b>All Qtrs After Service Ends: Treatment Group</b>	<b>Unadjusted Net Effect</b>	<b>Adjusted Net Effect</b>
Austin Academy (2001-2006)	\$4,541	\$4,313	\$-228	\$-432**
AAUL (2004-2006)	\$4,437	\$4,228	\$-2087	\$-319**
Capital IDEA (2003-2005)	\$5,494	\$6,576	\$1,082	\$696**
Construction Gateway (2002-2006)	\$5,476	\$4,415	\$-1,061	\$-772**
Goodwill (2003-2006)	\$4,920	\$4,775	\$-145	\$-332**

Source: UI wage records and authors' calculations

Note: \* = significant at  $p < 0.5$ , \*\* = at  $p < .01$

# Capital IDEA vs. Comparison Group Earnings Over Time

Employment and earnings impacts, estimated for all participants and comparison group members whether or not employed, were large, statistically significant and long-lasting.



# Workforce Services Providers

## Evaluation: Concluding Observations

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- Investment of local tax dollars in workforce development services is a clear indication of the value that Travis County places on human capital.
- Participation in most programs significantly increased employment.
- While participants in most programs experienced earnings gains over time, earnings were typically less than comparison group members.
- Capital IDEA participants experienced the largest gains in both employment and earnings relative to comparison group members.
- More consistent provider reporting on participants is needed to support their own monitoring as well as external evaluations.

# Final Thoughts

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- Findings for participants in some programs are very conservative given that UI records may underreport employment and earnings in some industries (e.g., construction, trucking)
- Travis County's investments demonstrate the value-added from both short-term (REM) and intensive (Capital IDEA) workforce training interventions

# Evaluating Local Workforce Investments Report Series

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- ***Rapid Employment Model Evaluation: Initial Findings*** (December 2007). Tara Carter Smith, Christopher T. King.
- ***Local Investments in Workforce Development: Initial Evaluation Findings*** (December 2007). Tara Carter Smith, Christopher T. King, Daniel G. Schroeder.
- ***Local Investments in Workforce Development: Evaluation Update*** (December 2008). Tara Carter Smith, Christopher T. King and Daniel Schroeder.
- ***Rapid Employment Model Evaluation: Update*** (December 2008). Tara Carter Smith, Christopher T. King and Daniel Schroeder.

All reports available on the Ray Marshall Center website:  
<http://www.utexas.edu/research/cshr>

# Contact Information

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**Tara Smith, Research Associate**

Ray Marshall Center, University of Texas  
[tarasmith@mail.utexas.edu](mailto:tarasmith@mail.utexas.edu), 471-2191



# Travis County Commissioners Court Agenda Request

Meeting Date: March 12, 2009 Work Session

I. A. Requestor: Alicia Perez, Executive Mgr Phone # 854-9343

B. Specific Agenda Wording:

RECEIVE AND TAKE APPROPRIATE ACTION ON FY'08 ANNUAL REPORT CONCERNING THE TRAVIS COUNTY EMPLOYEE HEALTH CARE FUND AND 1<sup>ST</sup> QUARTER PERFORMANCE FOR FY'09.

C. Sponsor: \_\_\_\_\_  
County Commissioner or County Judge

II. A. Backup memorandum and exhibits should be attached and submitted with this Agenda Request.

B. Please list all of the agencies or officials names and telephone numbers that might be affected or be involved with the request.


III. Required Authorizations: Please check if applicable:

Planning and Budget Office (854-9106)

- Additional funding for any department or for any purpose
- Transfer of existing funds within or between any line item budget
- Grant

Human Resources Department (854-9165)

- A change in your department's personnel (reclassifications, etc.)

Purchasing Office (854-9700)

- Bid, Purchase Contract, Request for Proposal, Procurement

County Attorney's Office (854-9415)

- Contract, Agreement, Travis County Code - Policy & Procedure

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted to County Judge's office, Room 520, in writing by Tuesdays at 12:00 p.m. for the next week's meeting. Late or incomplete requests may be deferred to the following week's meeting.



3-12-09  
Work  
Session # 3  
Travis County

# EMPLOYEE HEALTH BENEFITS FUND

- FY 08 Management Summary
- FY 08 Annual Report  
Financials
- FY 08 Plan Year Accomplishments
- United Healthcare Report
- 1<sup>st</sup> Quarter Report
- FY 09 Work Plan

**WORK SESSION**  
**March 12, 2009**

**Employee Health Benefits Fund  
FY08 Annual Management Summary**



## Employee Health Benefits Fund FY08 Annual Report Management Summary

### Background

➤ Travis County has been self-funded since FY 2002. The County provides three plan designs to its employees and retirees. The rates, co-pays and deductibles for the EPO, PPO and CEPO plans are developed on an annual basis and may change in accordance with budget constraints, claims information and employee feedback. A full description of the benefits for each plan can be found on page v.

➤ The Employee Health Benefits Fund annual report is a financial report for the 12 month period beginning October 1, 2007 and ending September 30, 2008. In addition, we conduct comparative analysis with data from September 30, 2007 and previous plan years. Some material included as exhibits or provided during our presentation tracks changes in the program since its inception.

### Participation

- At September 30, 2008 there were a total of 7,759 participants in the Travis County Health Care Plan, **active employees make up 50.5%** of those enrolled, **retirees are 6.1%**, and COBRA participants make up less than 0.1% of the total. Dependents for all members total 3,361 or 43.3% of all participants enrolled in the plan. A specific breakdown of enrollment is found on page 1 of the report. The Summary of participation, page 5 provides a detailed breakdown in participation between plan years FY07' and FY'08 per participant and plan.
- Participation during FY '08 increased by 237, or 3.15%. Participation between plan years FY 2007 and FY 2008 increased by 458 members, or 6.3%.

## *FY08 Health Fund Expenditures and Performance*

- Total health plan costs for FY 2008 were **\$40,874,493**, details for all plan expenditures may be found on **page 10** of the report.
- Total health plan contributions for FY 2008 were **\$35,206,917**, details of contributions to each plan may be found on **page 12**.
- Actual paid claims for FY 2008 totaled **\$30,515,815**, which represents a **16.3% increase** in paid claims compared to FY 2007. Factors contributing to the increase include:
  - ✦ 6% increase in total members covered, 7,759 vs. 7,301 (9/30/07 vs. 9/30/08) an increase of 458
  - ✦ Managed Pharmacy increased 4.9%
  - ✦ The number of claimants with claims over \$50,000 increased by 40% this year.
  - ✦ Back problems, along with other musculoskeletal problems are the top two diagnosis categories in claims cost. Cancer is the 3<sup>rd</sup> highest.
  - ✦ Over the last 3 years, Chronic renal failure, Chronic obstructive pulmonary disease (COPD), Asthma and Back problems have increased, while the prevalence of Heart Failure, Coronary Artery Disease and Diabetes has declined.
  - ✦ UHC indicated that participants with chronic health conditions represent the greatest percent of subscribers (31%), and the highest percent of spend (55.4%). They also noted this same group of participants have the lowest in-network utilization, and have more emergency room visits than the norm, as well as a low participation rate in case management.
- An FY 2007 to FY 2008 comparison chart of utilization by diagnosis based on paid claims is included on **page 24**.

- There were 3,102 less office visits charged to the Health plan in FY '08, resulting in an approximate savings of \$261,242.00. Increased utilization of the County's Wellness and Health Clinics contributed to the savings achieved.
- **Total claims cost for FY 2008 was \$35,869,799 while total claims paid were \$30,515,815.** The difference is of **\$5,353,984** is a result of the following claims expenses booked as liabilities at the end of the year.
  - ✓ An increase in the Incurred but not Reported (IBNR) liability adjustment of \$493,984.
  - ✓ Other Post-Employment Benefits (OPEB) liability of \$4,860,000.

A COMPREHENSIVE CHART OF EMPLOYEE HEALTH BENEFITS FUND  
EXPENDITURES FROM FY02 THRU FY08 CAN BE SEEN ON PAGE 14

### Stop Loss Insurance

- To protect the County against the cost of high dollar claims, the County maintains stop loss insurance that pays for individual claims in excess of \$175,000 per claim per plan year. Stop loss insurance has proved an effective tool for reducing the impact of high costs claims to the plan. In FY08 stop loss payments exceeded premiums paid by \$115,872. See page 17 for stop loss insurance performance.
- Stop loss levels have increased from \$125,000 from FY '02 through FY '05, to \$150,000 in FY '06 and FY '07, to the current level of \$175,000 effective in FY 2008.
- In FY 2008, twelve (12) claimants exceeded the \$175,000 stop loss and an additional 68 exceeded \$50,000. (page 16)
- In FY 2007, fifteen (15) claimants exceeded the \$150,000 stop loss and an additional 42 claimants exceeded \$50,000.

### Health Care Reserve (Net Assets Balance)

- The FY 2008 Detail of Contributions and Claims financial statement reflects a decrease in net assets of (\$3,709,528) for the twelve (12) months ending September 30, 2008. The net asset balance is commonly referred to as the contingency reserve.
- The total contingency reserve for the Employee Health Benefits Fund was \$27,081,790 at September 30, 2008. A history of the reserve and claims for the Employee Health Benefits Fund by Fiscal Year is on **page 6** of the report.
- The County's Health fund actuary, Milliman Consultant and Actuaries, stated that, based on the level of annual claims costs, a contingency reserve in the amount of at least \$12 million for the 2007-2008 plan year was reasonable.
- The Employee Benefits Committee appointed a sub-committee last year to review the reserve. The sub-committee has recommended several strategies as a multi-year approach for adjusting the reserve to an appropriate level, **page 7** of the report shows reductions since FY07.
- A is a summary of achievements for the Employee benefits plan and the Wellness Program for FY08 is provided as **Attachment A**.

# FY08 TRAVIS COUNTY BENEFITS SUMMARY

I T E M	Benefits	EPO	PPO-	Co-Insured EPO-	Pharmacy Only (Available to Medicare elig retirees only)
1	Active Employee contribution	\$91 / month	None	None	<i>No medical benefits- see pharmacy below</i>
2	Calendar year deductible In network	None	\$200/ indiv \$600 family	\$400/ indiv \$1200/ family	<i>No medical benefits- see pharmacy below</i>
3	Calendar year deductible Out of Network	None	\$750 / indiv none / family	NONE Must use in network provider	<i>No medical benefits- see pharmacy below</i>
4	Co-Insurance In- Network	None Plan pays 100% after co-pays	90/10 %	80/20%	<i>No medical benefits- see pharmacy below</i>
5	Co-Insurance Out of network	NONE Must use in network provider	70/30%	NONE Must use in network provider	<i>No medical benefits- see pharmacy below</i>
6	Office visit co-pay In network only	\$25 \$40-specialist	\$20 \$35-specialist	\$15 \$25-specialist	<i>No medical benefits- see pharmacy below</i>
7	Out of pocket Maximum In network	\$1,000 indiv none /family	\$1500 / indiv \$3,000 /family	\$1500 / indiv \$3,000 /family	<i>No medical benefits- see pharmacy below</i>
8	Out of pocket Maximum Out of network	none	\$2500/ indiv \$7,500 family	NONE	<i>No medical benefits- see pharmacy below</i>
9	Hospital Admit co-pay	\$100 per confinement	\$100 per confinement	\$100 per confinement	<i>No medical benefits- see pharmacy below</i>

1 0	Pharmacy Program (same for all plans)	Generic Name Brand only Name Brand if generic avail	\$10 \$25 \$45 active, \$35 retiree
		<b>Mail Order – 3 mo supply for 2 co-pays</b>	



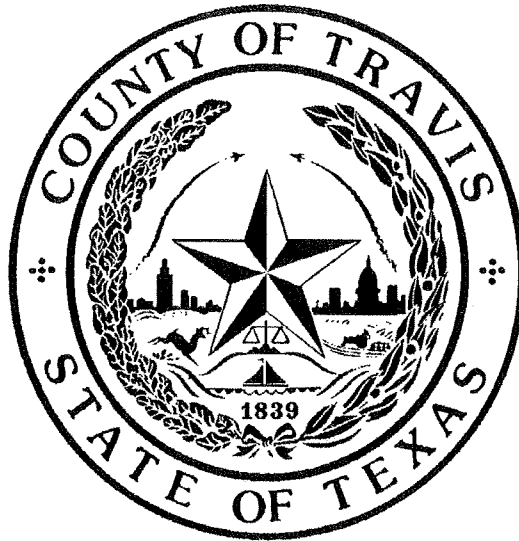
# **Employee Health Benefits Fund FY08 Annual Report**

**TRAVIS COUNTY**

**EMPLOYEE HEALTH BENEFITS FUND**

**ANNUAL REPORT**

**For the Twelve Months Ended September 30, 2008**



**Presented to**

**Travis County Commissioners Court**

**By**

**Administrative Operations  
Human Resources Management Department**

**Fiscal Year 2008**



# HRMD Human Resources Management Department

1010 Lavaca

• P.O. Box 1748

• Austin, Texas 78767

• (512) 854-9165 / FAX(512) 854-9757

## Backup Memorandum

Date: March 12, 2009

To: Members of the Commissioners Court

From: Alicia Perez, Executive Manager, Administrative Operations  
Linda Moore Smith, Director, HRMD  
Dan Mansour, Risk Manager, HRMD

Subject: Travis County Self-Funded Health Plan Annual Report

### Proposed Motion:

A. Discuss and take appropriate action on the Travis County Self-funded Health Program annual report for the period October 1, 2007 through September 30, 2008.

### Staff Recommendation:

Approve the Self-Funded Health Program annual report as presented.

### Key Findings: Period – October 1, 2007 thru September 30, 2008

- A total of 7,759 participants were enrolled as of September 30, 2008 (4,398 members plus 3,361 dependents)

	EPO (HMO)	PPO	CO-EPO	TOTAL
Active Employees	933	2,489	501	3,918
Retirees	127	274	66	472
COBRA Participants	1	6	1	8
<b>Total Members</b>	<b>1,061</b>	<b>2,769</b>	<b>568</b>	<b>4,398</b>
Dependents	671	1,832	858	3,361
<b>Total Participants</b>	<b>1,732</b>	<b>4,601</b>	<b>1,426</b>	<b>7,759</b>

### Budgetary and Fiscal Impact:

- The Health fund reserve decreased by \$3,709,528 in FY '08. The reserve balance at September 30, 2008 is \$27,081,790.

- Total Health plan cost for FY '08 is \$40,874,493
- Total Health plan contributions for FY '08 is \$35,206,917
- In FY 2008, twelve (12) claimants exceeded the \$175,000 stop loss limit.

### **Claims payment and audit process**

United Healthcare (UHC) is the Third Party Administrator who processes claims and issues payments from their bank account. The County reimburses UHC each week based on payments that have cleared UHC's bank. HR staff audits UHC payments to assure compliance with the benefit plans.

- HRMD staff audits 100% of claims for member eligibility.
- Claim payments over \$25,000 and 15% of other claim payments are audited to verify appropriateness of charges.
- HRMD staff audits claims that have surpassed the \$175,000 stop-loss limit. For claims that have surpassed the limit, HRMD staff verifies that UHC has complied with the reimbursement requirements of the contract.

### **Report Data**

- FINANCIAL STATEMENTS are presented on the accrual basis of accounting. "Accrual basis" means that revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Plan contributions collected from employees' paychecks in the current month for the upcoming month's contribution are presented as Deferred Revenue. Health services which were received by plan participants in the reported period, which have not yet been paid, have been accrued based on analysis by Travis County's contracted actuary.
- FUND PERFORMANCE REPORTS are presented on a gross claims-paid basis (includes stop loss), which differs from Financial Statement amounts which are based on accrued claims and are net of stop loss. The United HealthCare claims reporting system (CRS) was used to create the enclosed claims charts.

### **Attachments:**

Employee Benefit Fund Executive Summary – September 30, 2008.  
 Financial Statements for the same period  
 Fund Performance Report (charts and graphs by type of claim payments)

**EXECUTIVE SUMMARY  
TRAVIS COUNTY EMPLOYEE HEALTH BENEFIT PLAN  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2008**

***Contributions and Claims***

***Health Fund Contributions***

Contributions for participants through September 30, 2008 are as follows:

	<u>EPO</u>	<u>PPO</u>	<u>CO-EPO</u>	<u>TOTAL</u>
Active Employees Contr.	\$2,172,212	2,230,980	785,445	5,188,637
County Contr. – Actives	6,979,384	18,281,885	3,733,744	28,995,013
Retirees' Contribution	342,150	487,896	102,455	932,501
County Contr. – Retirees	-	-	-	-
COBRA Contribution	<u>26,026</u>	<u>60,221</u>	<u>4,519</u>	<u>90,766</u>
<b>Totals</b>	<b>\$9,519,772</b>	<b>21,060,982</b>	<b>4,626,163</b>	<b>\$35,206,917</b>

***Health Fund Claims***

Claims reimbursed for the fiscal year to date:	\$30,445,349
Reimbursements requested, not yet paid:	\$1,507,514
<b>Total (Claims Paid by UHC)</b>	<b>\$31,952,863</b>
Claims attributable to FY2007, paid in FY2008	(\$1,437,048)
<b><i>Total Paid Claims FY 2008</i></b>	<b>30,515,815</b>
Addition to claims incurred but not reported (IBNR)	\$493,984
Addition to other post-employment benefits (OPEB) liability	\$4,860,000
<b>Total Incurred Claims FY 2008</b>	<b>\$35,869,799</b>

<p>The ratio of paid claims to contributions shown above is 87%. The ratio of incurred claims is 102%.</p>
--

### ***Stop Loss***

There were twelve (12) claimants in FY 2008 that penetrated the stop loss limit of \$175,000.<sup>1</sup> Travis County staff verified that UHC complied with the reimbursement requirements of the stop loss coverage contract.

In FY 2007 there were fifteen (15) claimants that penetrated the stop loss limit of \$150,000.

### ***High Dollar Claims***

In addition to twelve (12) claimants exceeding the stop loss limit of \$175,000, there were sixty-eight (68) claimants exceeding \$50,000 in claims in FY 08.

In FY '07, there were forty-two (42) claimants exceeding \$50,000 in claims, in addition to fifteen (15) claimants exceeding the stop loss of \$150,000.

### ***Actuarial Projection of IBNR (Incurred But Not Reported) Claims***

Travis County's contracted actuary projects the county's incurred but not reported claims (IBNR). The IBNR liability represents health claims that have been incurred by plan participants that have not yet been reported to United Health Care.

For the period ended September 30, 2008, the actuary estimated the IBNR claims liability to be **\$3,968,290**, an increase of **\$493,984**. The increase in IBNR was included FY '08 health claims cost.<sup>2</sup>

### ***Other Post-Employment Benefits (OPEB) Liability***

Travis County recognized an OPEB liability for the first time in FY '08. The estimated OPEB liability for the period ended September 30, 2008 is **\$4,860,000**. The liability represents an estimate of retiree health claims cost for fiscal year 2009, and was included in FY '08 health claims.<sup>2</sup>

The Commissioners Court approves OPEB on year-to-year basis during the annual budget process. During the FY '08 budget process, the Court approved the funding of OPEB for fiscal year 2009.

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<sup>1</sup> In FY '08, individual stop loss increased to \$175,000 from \$150,000 and includes pharmacy charges for the first time. For comparison purposes, stop loss reports in prior years included pharmacy charges although they were not reimbursed.

<sup>2</sup> IBNR and OPEB estimates have been expensed and set up as liabilities on the Statement of Net Assets and are not included in the year ended net assets balance of \$27,081,790.

**Summary of Participation in the Health Plan**

Participation at September 30, 2008 compared to October 1, 2007 is shown below.

<b>Sep 30, 2008 Enrollment</b>	<b><u>EPO</u></b>	<b><u>PPO</u></b>	<b><u>CO-EPO</u></b>	<b><u>TOTAL</u></b>
Active Employees	933	2,489	501	3,918
Retirees*	127	274	66	472
COBRA Participants	1	6	1	8
<b>Total Members</b>	<b>1,061</b>	<b>2,769</b>	<b>568</b>	<b>4,398</b>
Total Dependents**	671	1,832	858	3,361
<b>Total Participants</b>	<b>1,732</b>	<b>4,601</b>	<b>1,426</b>	<b>7,759</b>

<b>Oct 1, 2007 Enrollment</b>	<b><u>EPO</u></b>	<b><u>PPO</u></b>	<b><u>CO-EPO</u></b>	<b><u>TOTAL</u></b>
Active Employees	935	2,391	495	3,821
Retirees*	123	261	65	449
COBRA Participants	6	9	0	15
<b>Total Members</b>	<b>1,064</b>	<b>2,661</b>	<b>560</b>	<b>4,285</b>
Total Dependents**	650	1,729	848	3,227
<b>Total Participants</b>	<b>1,714</b>	<b>4,390</b>	<b>1,408</b>	<b>7,512</b>

<b>Changes 10/1 – 9/30/08</b>	<b><u>EPO</u></b>	<b><u>PPO</u></b>	<b><u>CO-EPO</u></b>	<b><u>TOTAL</u></b>	<b>Perc %</b>
Active Employees	-2	98	6	92	2.41%
Retirees*	4	13	1	18	4.01%
COBRA Participants	-5	-3	1	-7	0.00%
<b>Change in Members</b>	<b>-3</b>	<b>108</b>	<b>8</b>	<b>103</b>	<b>2.40%</b>
Change in Dependents**	21	103	10	134	4.15%
<b>Change in Participants</b>	<b>18</b>	<b>211</b>	<b>18</b>	<b>237</b>	<b>3.15%</b>
<b>Perc Change Total</b>	<b>1.05%</b>	<b>4.81%</b>	<b>1.28%</b>	<b>3.15%</b>	

\*RX Only included in EPO. \*\*Total includes depts of Actives, Retirees, and COBRA combined.

Participation during the plan year increased by 3.15% as shown above. Participation between plan years FY '07 and FY '08 increased by 458 members or 6.27%.

**Net Assets (Reserves) for Employee Health Benefits Fund by Fiscal Year**

Fiscal Year	Fiscal Year Ending Date	Total Net Assets (Reserve)	Total Claims	Claims Increase	Composite Rate (Actives)	Composite Rate Increase (Actuarial Est)
2002	September 30, 2002	\$ 176,483	\$ 17,392,598		\$ 316.00	
2003	September 30, 2003	\$ 929,228	\$ 22,186,337	27.56%	\$ 369.72	17.00%
2004	September 30, 2004	\$ 7,094,751	\$ 22,052,812	-0.60%	\$ 517.00	39.84%
2005	September 30, 2005	\$ 14,665,717	\$ 23,151,610	4.98%	\$ 579.00	11.99%
2006	September 30, 2006	\$ 23,787,140	\$ 23,194,200	0.18%	\$ 609.00	5.18%
2007	September 30, 2007	\$ 30,791,318	\$ 26,234,849	13.11%	\$ 629.00	3.28%
2008	September 30, 2008	\$ 27,081,790	\$ 30,515,815	16.32%	\$ 629.00	0.00%
*2008	September 30, 2008	\$ 27,081,790	\$ 35,869,799	36.73%	\$ 629.00	0.00%

\* Total paid claims in FY '08 totaled \$30,515,815, which represents a 16.3% increase in paid claims compared to FY '07.

The 9/30/2008 total health claims amount includes \$4,860,000 to recognize a GASB 45 OPEB liability for estimated Retiree claims costs for FY '09, and \$493,984 to increase the liability for claims incurred but not reported (IBNR).



Strategies to Reduce Funding to Employee Benefits Fund			
Action	FY 07	FY 08	FY '09
Defer transfer of General fund contributions for retiree health care	\$ 3,023,113	\$ 4,892,729	\$ 4,892,729
Discontinue General fund transfer of vacant slot savings to Emp Benefits fund	\$ 2,424,166	\$ 2,424,166	Rebudgeted Permanently in FY '08
Total amount not transferred to Employee Benefits fund by fiscal year	\$ 5,447,279	\$ 7,316,895	\$ 4,892,729
Total amount not transferred to Employee Benefits fund for fiscal years 2007 - 2009			\$ 17,656,903



FY '09 GF budget for retiree health was reallocated for other budget purposes for one-time only, and will remain in budget target for retiree health.

**\$4,892,729**

**Health Benefits Enrollment FY 2009**  
(after Open Enrollment)

**Active Employees**

**FY'09**

	<u>Employees</u>	<u>Dependents</u>	<u>Total</u>	<u>Percentage</u>
EPO	938	596	1,534	21%
PPO	2,511	1,772	4,283	59%
CEPO	512	898	1,410	20%
<b>Total</b>	<b>3,961</b>	<b>3,266</b>	<b>7,227</b>	<b>100%</b>

**FY'08**

<u>Percentage</u>
22%
59%
19%
100%

**% Change**

<u>Change</u>
-1%
0%
1%
0%

**Retirees**

	<u>Retirees</u>	<u>Dependents</u>	<u>Total</u>	<u>Percentage</u>
EPO	128	58	186	29%
PPO	268	80	348	54%
CEPO	74	33	107	17%
Medicare-Eligible Retiree RX				
	5	2	7	1%
<b>Total</b>	<b>475</b>	<b>173</b>	<b>648</b>	<b>100%</b>

<u>Percentage</u>
29%
55%
15%
1%
100%

<u>Change</u>
0%
-1%
2%
0%
0%

**Cobra**

	<u>Employees</u>	<u>Dependents</u>	<u>Total</u>	<u>Percentage</u>
EPO	1	0	1	10%
PPO	3	1	4	40%
CEPO	2	3	5	50%
<b>Total</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>100%</b>

<u>Percentage</u>
44%
56%
0%
100%

<u>*Change</u>
-34%
-16%
50%
0%

<b>Grand total -- all enrolled</b>	<b>7,885</b>
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<b>7,446</b>
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<b>6%</b>
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**Financial Statements for  
Travis County Employee Health  
Benefits Fund  
for twelve months ended  
September 30, 2008**

Travis County, Texas  
 Statement of Net Assets  
 Proprietary Fund  
 Employee Health Benefit Fund  
 September 30, 2008

Assets	Internal Service Fund	Description
<b>Current assets:</b>		
Pooled cash	\$ 35,701,240	The Hospital Fund's share of Travis County's invested cash.
Interest receivable	242,787	Interest earnings not yet received.
Other receivables	86,487	
Prepaid items	7,709	
Other assets	1,938,718	Privilege account for UHC to pay claims as they are incurred.
<b>Total current assets</b>	<u>37,976,941</u>	
<b>Noncurrent assets:</b>		
Property, plant, and equipment	29,175	
Less accumulated depreciation	(11,859)	
<b>Total Noncurrent Assets</b>	<u>17,316</u>	
<b>Total assets</b>	<u>37,994,258</u>	
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Deferred revenue	442,639	County and employees' premiums collected this month which represent a portion of premiums for future coverages.
Accrued and other liabilities	86,594	
OPEB	4,860,000	Liability for post employment benefits other than pension, retiree health benefits
Unreimbursed claims	1,254,101	Reimbursement requests that have been received by TC from UHC, but haven't been paid.
Claims incurred but not paid	253,413	Claims that UHC has paid, but reimbursement from TC has not yet been requested.
Claims incurred but not reported	3,968,290	Per the actuary.
Claims and judgements	10,335,804	Sum of unreimbursed, incurred not yet paid, and incurred not yet reported claims.
Compensated absences	23,849	
<b>Total current liabilities</b>	<u>10,888,886</u>	
<b>Noncurrent Liabilities</b>		
Compensated absences	23,582	
<b>Total noncurrent liabilities</b>	<u>23,582</u>	
<b>Total liabilities</b>	<u>10,912,468</u>	
<b>Net Assets</b>		
Invested in capital assets	17,316	
Beginning net assets balance:	30,791,318	
Change in net assets, year to date	(3,709,528)	
Invested in capital assets	(17,316)	
Unrestricted	27,064,474	
<b>Total net assets</b>	<u>\$ 27,081,790</u>	

37,994,258 Total liabilities and net assets

See Notes to Financial Statements

Travis County, Texas  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
 Proprietary Fund  
 Employee Health Benefit Fund  
 For The Twelve Months Ended September 30, 2008

	Internal Service Fund ACTUAL	12 MONTHS OF FY 2008 BUDGET	FY 2008 BUDGET	ACTUAL ASA % OF FY 2008 BUDGET
<b>Operating revenues:</b>				
Insurance premiums - county	\$ 28,995,013	32,327,952	32,327,952	90%
Vacant Slot revenue	-	-	-	
Total insurance premiums - county	<u>28,995,013</u>	<u>32,327,952</u>	<u>32,327,952</u>	90%
Insurance premiums - employee *	6,211,904	6,155,244	6,155,244	101%
Total insurance premiums	<u>35,206,917</u>	<u>38,483,196</u>	<u>38,483,196</u>	91%
Miscellaneous revenue	533,947	450,000	450,000	119%
Total operating revenues	<u>35,740,864</u>	<u>38,933,196</u>	<u>38,933,196</u>	92%
<b>Operating expenses:</b>				
Health claims	35,869,799	35,400,332	35,400,332	101%
Third party administration fees	2,074,268	2,074,310	2,074,310	100%
Total incurred losses	<u>37,944,067</u>	<u>37,474,642</u>	<u>37,474,642</u>	101%
Stop loss premiums	1,779,955	1,790,000	1,790,000	99%
Professional services	77,728	301,104	301,104	26%
Depreciation expense	5,596	5,597	5,597	100%
County administration	<u>1,967,147</u>	<u>1,327,544</u>	<u>1,327,544</u>	80%
Total operating expenses	<u>40,874,493</u>	<u>40,898,887</u>	<u>40,898,887</u>	100%
Operating income (loss)	<u>(5,133,629)</u>	<u>(1,965,691)</u>	<u>(1,965,691)</u>	
<b>Nonoperating revenues:</b>				
Investment income	1,424,101	750,000	750,000	190%
Total non-operating revenues	<u>1,424,101</u>	<u>750,000</u>	<u>750,000</u>	190%
Income (loss) before transfers	(3,709,528)	(1,215,691)	(1,215,691)	
Total net assets - beginning	30,791,318	30,791,318	30,791,318	
Total net assets - ending	<u>\$ 27,081,790</u>	<u>29,575,627</u>	<u>29,575,627</u>	

See Notes to Financial Statements

\* Includes COBRA and retiree contributions.

**Travis County, Texas**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Employee Health Benefit Fund**  
**For The Twelve Months Ended September 30, 2008**

	Internal Service Fund ACTUAL
	\$ 29,015,342
	29,015,342
	6,191,994
	35,207,336
	533,947
	(32,519,617)
	(523,909)
	(2,351,732)
	(565,043)
	(219,018)
	\$ (219,018)
	0
	1,610,485
	(202,521)
	1,407,964
	1,188,946
	34,512,295
	\$ 35,701,241

**Cash flows from operating activities**

Cash received from premium revenues - county

Cash received from budgeted premiums in General fund for slots which were unfilled

Total cash received from premium revenues - county

Cash received from premium revenues - employees

Total cash received from premium revenues

Cash received from insurance proceeds and rebates

Cash paid for self-insured claims and loss adjustments

Cash paid for other operating expenses

Cash paid for payroll

Cash paid to claims administrator

Net cash provided (used) by operating activities

**Cash flows from capital and related financing activities**

Purchases of capital assets

**Cash flows from investing activities**

Interest received

Increase (decrease) in fair value of investment in pooled cash

Net cash provided (used) by investing activities

Net increase (decrease) in balance

Balance--beginning of the period

Balance--end of the period

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income

Adjustments to reconcile operating income to net cash provided (used) by operating activities

Depreciation Expense

(Increase) decrease in other receivables

(Increase) decrease in prepaid items

(Increase) decrease in other assets

Increase (decrease) in claims and judgements

Increase (decrease) in payables, accrued and other liabilities

Net cash provided (used) by operating activities

UHC privilege account  
No judgements in Hospital and Insurance Fund

See Notes to Financial Statements

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Travis County, Texas  
 Detail of Contributions and Claims  
 Proprietary Fund  
 Employee Health Benefit Fund  
 For The Twelve Months Ended September 30, 2008

	Actives	Retirees	COBRA's	Total	EPO	Participants
EPO contributions - members	2,172,212	342,150	26,026	2,540,388	Members	928
EPO contributions - county	6,979,384	-	-	6,979,384	Dependents	127
Total EPO contributions	9,151,596	342,150	26,026	9,519,772	Total Participants	1,056
EPO Claims	7,743,169	1,360,125	197,388	9,300,682		615
Difference	1,408,427	(1,017,975)	(171,368)	219,090		54
Less: TPA admin fees	(505,841)	(54,544)	(1,868)	(562,253)	Rx Only Members	5
Stop Loss Premiums	(618,122)	(66,651)	(2,283)	(687,056)	Rx Dependents	2
Net	284,464	(1,139,170)	(175,513)	(1,030,219)		181

	Actives	Retirees	COBRA's	Total	CEPO
CEPO contributions - members	785,445	102,455	4,519	892,419	Members
CEPO contributions - county	3,733,744	-	-	3,733,744	Dependents
Total CEPO contributions	4,519,189	102,455	4,519	4,626,163	Total Participants
CEPO Claims	4,007,004	451,324	11,255	4,469,583	
Difference	512,185	(348,869)	(6,736)	156,580	
Less: TPA admin fees	(234,087)	(30,587)	(1,248)	(265,923)	
Stop Loss Premiums	(171,193)	(22,369)	(913)	(194,476)	
Net	106,904	(401,826)	(8,897)	(303,819)	

	Actives	Retirees	COBRA's	Total	PPO
PPO contributions - members	2,230,980	487,896	60,221	2,779,097	Members
PPO contributions - county	18,281,885	-	-	18,281,885	Dependents
Total PPO contributions	20,512,865	487,896	60,221	21,060,982	Total Participants
PPO Claims	15,066,965	2,024,490	148,079	17,239,534	
Difference	5,445,900	(1,536,594)	(87,858)	3,821,448	
Less: TPA admin fees	(1,107,426)	(136,133)	(2,533)	(1,246,092)	
Stop Loss Premiums	(798,446)	(98,151)	(1,826)	(898,423)	
Net	3,540,028	(1,770,878)	(92,217)	1,676,933	

	Actives	Retirees	COBRA's	Total	ALL
ALL contributions - members	5,188,637	932,501	90,766	6,211,904	Members
ALL contributions - county	28,995,013	-	-	28,995,013	Dependents
Total ALL contributions	34,183,650	932,501	90,766	35,206,917	Total Participants
ALL claims	26,817,138	3,835,939	356,722	31,009,799	
Difference	7,366,512	(2,903,438)	(265,956)	4,197,118	
Less: TPA admin fees	(1,847,354)	(221,265)	(5,649)	(2,074,268)	
Stop Loss Premiums	(1,587,762)	(187,171)	(5,022)	(1,779,955)	
Net	3,931,396	(3,311,874)	(276,627)	342,895	

	Actives	Retirees	COBRA	Total
Net contributions over claims, TPA fees, and stop loss premiums	3,918	472	8	4,398
Vacant slot revenue	3,187	166	8	3,361
Other revenue	7,105	638	16	7,759
County administration (including consulting)				
Depreciation expense				
OPEB				
Investment income				
Year to date change in net assets				

See Notes to Financial Statements

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**TRAVIS COUNTY, TEXAS  
EMPLOYEE HEALTH BENEFIT FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008**

**Accounting Policies**

These financial statements are presented on the accrual basis of accounting. "Accrual basis" means that revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Self Funded Health Insurance**

The Travis County Hospital and Insurance Fund – County Employees (Hospital and Insurance Fund) is a self-insured health plan established October 1, 2001. This arrangement gives Travis County the advantage of paying less if claims are less than premiums would have been to a private insurance carrier.

Travis County has a third-party-administration agreement with United HealthCare (UHC) for administering the payment of the claims incurred by the plan participants. Under this agreement, a privilege account has been set up at Chase Bank with funding of \$1,373,675 from Travis County. UHC pays the claims with checks from this account, and then requests reimbursement from Travis County each week to replenish the funds. UHC is responsible for auditing the claims submitted by health care providers for legitimacy under the rules stated in the summary plan description before paying them. Travis County Human Resources Management Department (HRMD) staff audit the work of UHC to increase the confidence that only legitimately incurred claims of registered participants are being paid.

Travis County has also contracted with UHC for Stop-Loss coverage. Under this agreement, if an individual health claim exceeds \$175,000\* or if aggregate claims in a month exceed \$3.2 million\*\*, UHC will pay the excess. There were twelve claims that exceeded individual stop loss of \$175,000 in fiscal year 2008, fifteen claims that exceeded individual stop loss of \$150,000 in fiscal year 2007, fifteen in fiscal year 2006, twenty individual stop loss claims that exceeded \$125,000 in fiscal year 2005, nineteen in fiscal year 2004, seven in fiscal year 2003, and five in fiscal year 2002. Settled claims have not exceeded the aggregate stop loss in the past seven years. There has been no significant reduction in coverage from the prior year.

Travis County's contracted actuary projected the claims incurred but not reported (IBNR) at September 30, 2008 to be \$3,968,285, an increase of \$493,984, over the previous amount booked of \$3,474,306.

Travis County recognized an OPEB liability (other post-employment benefits other than pensions) for the first time in FY '08. The liability of \$4,860,000 represents an estimate of retiree health claims for FY '09. OPEB is approved by Travis County Commissioners Court on a year-to-year basis during the annual budget process.

**Year to Date Health Claims:**

Claims reimbursed by Travis County to UHC year to date:	\$30,445,349
Claims attributable to FY2007, paid in FY2008:	(1,437,048)
Claims for which reimb. has been requested, but not yet paid:	1,254,101
Portion of this period's claims in first reimb. of next period:	253,413
Unreimbursed Claims	<u>1,507,514</u> <u>1,507,514</u>
 Total paid claims FY 2008	 \$30,515,815
 Addition in this fiscal year to claims incurred but not reported (IBNR)	 <u>493,984</u>
 Addition in this fiscal year to OPEB liability (other post-employment benefits)	 <u>4,860,000</u>
 Total incurred claims FY 2008:	 \$35,869,799

\* Increased in FY '08 to \$175,000 and added Pharmacy for first time. Previous stop loss deductibles were \$150,000 in FY 's '06 and '07 and \$125,000 in FY's '02 through '05.

\*\* Approximate based on the number of plan participants.

\*\*\* Includes third party administration fees.

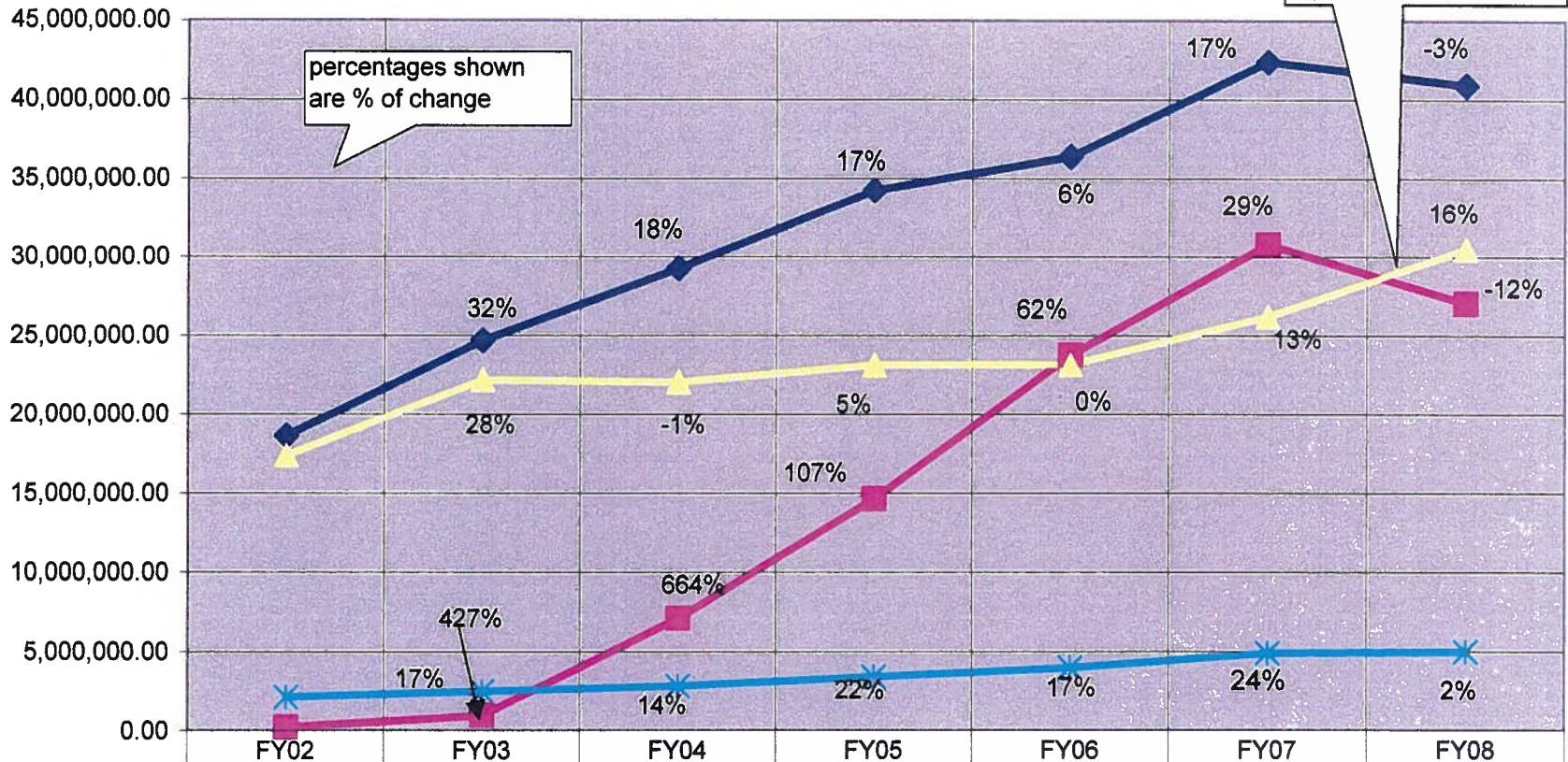


**Travis County Employee Health  
Benefits Fund performance data  
presented in graphs and charts  
for twelve months ended  
September 30, 2008**

## TRAVIS COUNTY BENEFIT PLAN INSURANCE FUND OPERATING BUDGET AND COSTS COMPARISON

Paid claims amounts include IBNR, but not annual Gasb 45 liability

percentages shown are % of change



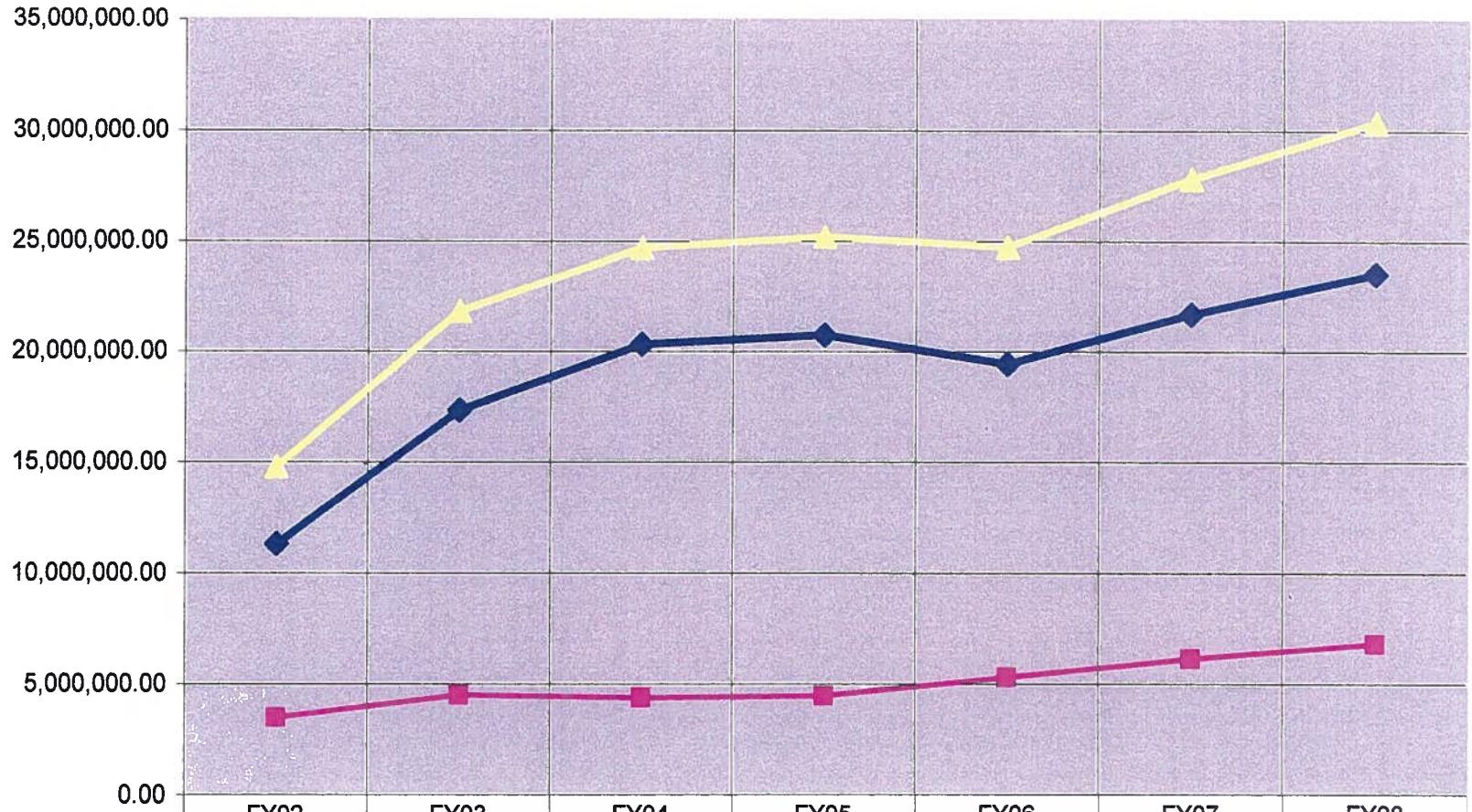
◆ Operating Budget	18,634,435.00	24,686,263.00	29,238,025.00	34,225,077.00	36,372,150.00	42,379,114.00	40,898,887.00
■ Reserves	176,483.00	929,228.00	7,094,751.00	14,665,717.00	23,787,140.00	30,791,318.00	27,081,790.00
▲ Claims (accrued)	17,392,598.00	22,186,337.00	22,052,812.00	23,151,610.00	23,194,200.00	26,234,849.00	30,521,754.84
✱ Fixed Costs	2,095,899.00	2,458,182.00	2,798,120.00	3,401,543.00	3,972,617.00	4,907,763.00	5,004,694.00

HI



**TRAVIS COUNTY BENEFIT PLAN  
GROSS PAID CLAIMS COMPARISON BY PLAN YEARS**

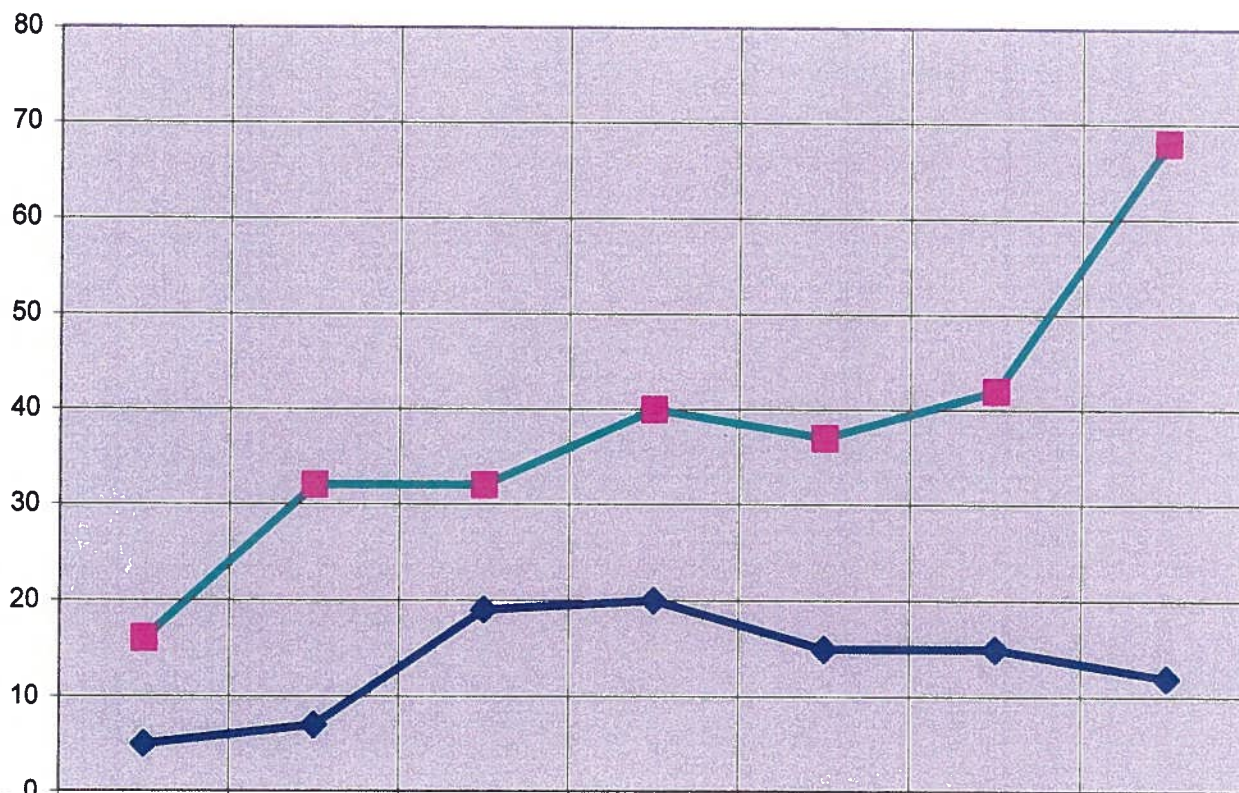
15



◆ MEDICAL	11,324,224.49	17,336,173.08	20,323,550.00	20,753,790.00	19,450,213.00	21,695,767.00	23,546,090.00
■ PHARMACY	3,474,452.37	4,498,123.00	4,374,869.00	4,466,564.00	5,309,751.00	6,145,158.00	6,832,237.00
GROSS PAID CLAIMS	14,798,676.86	21,834,296.11	24,698,419.00	25,220,354.00	24,759,964.00	27,840,925.00	30,378,327.00

**TRAVIS COUNTY BENEFIT PLAN  
STOPLOSS AND LARGE (OVER \$50,000)  
CLAIMANTS COMPARISON**

Gross paid claims are used for this illustration, the actual number of stoploss claims may vary slightly once any ineligible charges are deducted.

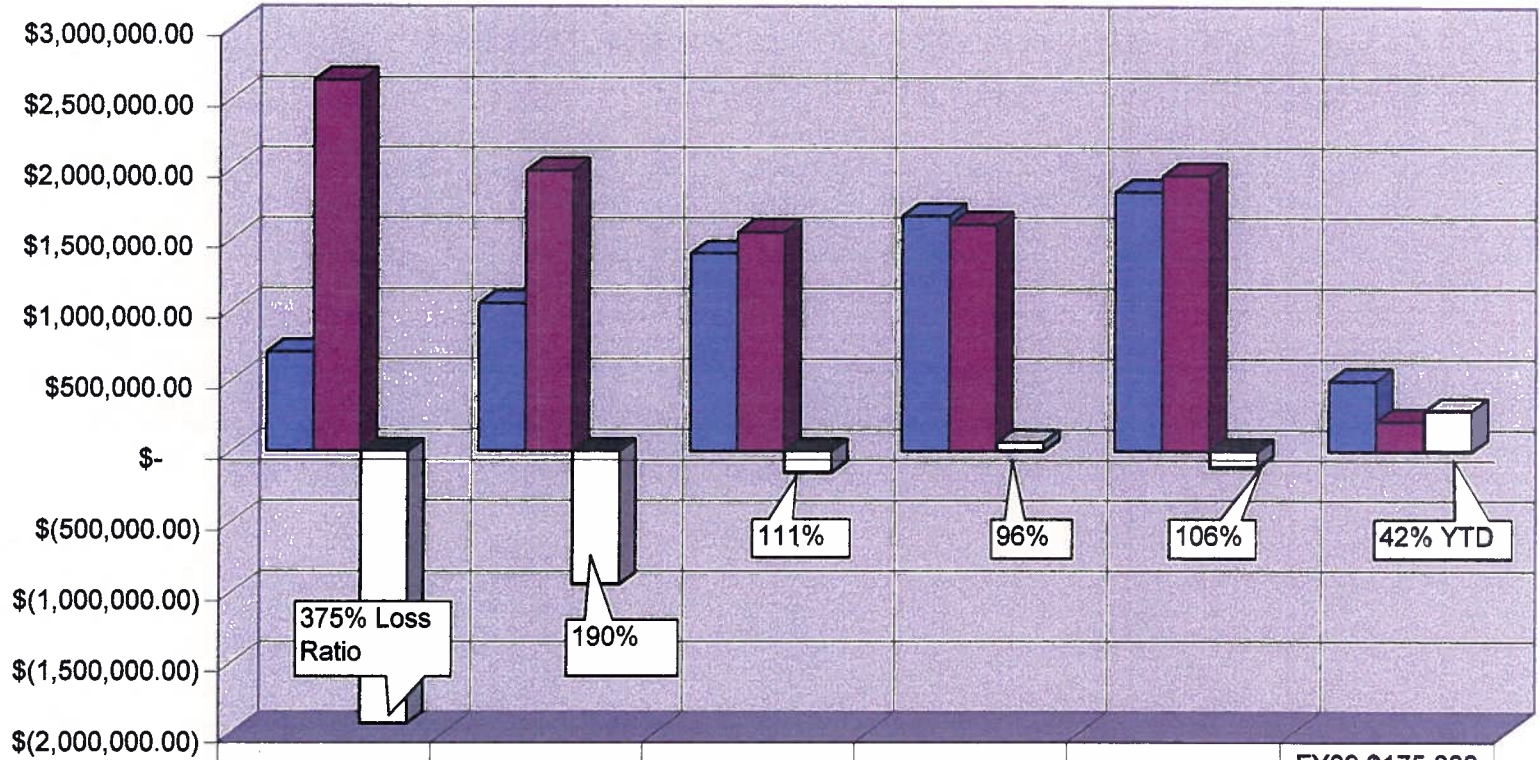


Individual stoploss amount of \$125,000 for years FY02 through FY05. Increased to \$150,000 in FY06 and increased again to \$175,000

	FY02 \$125,000	FY03 \$125,000	FY04 \$125,000	FY05 \$125,000	FY06 \$150,000	FY07 \$150,000	FY08 \$175,000
◆ Number of Stoploss Claimants	5	7	19	20	15	15	12
■ Over \$50,000 but under the stoploss amount	16	32	32	40	37	42	68



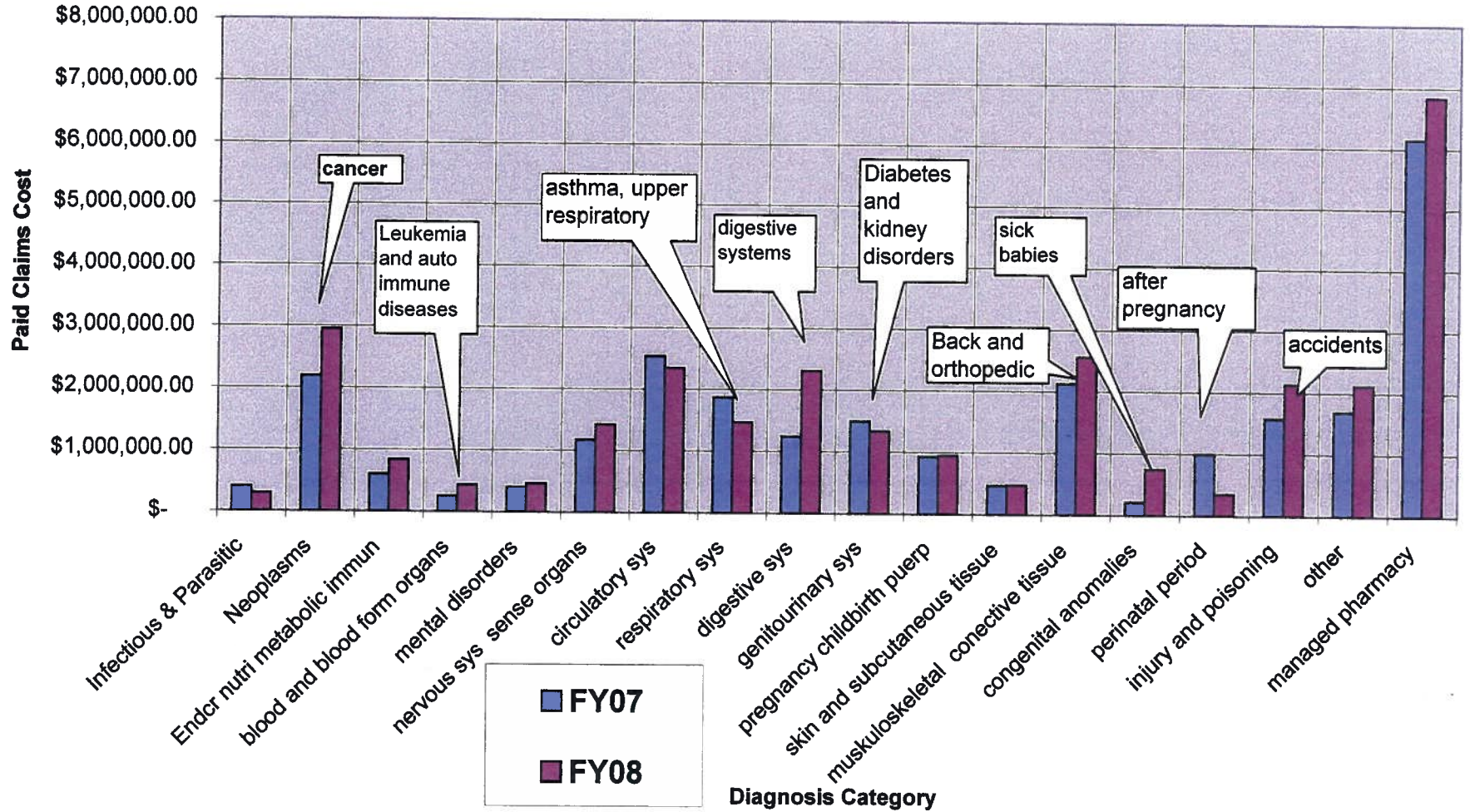
## TRAVIS COUNTY BENEFIT PLAN COMPARISON OF STOPLOSS PAYMENTS TO STOPLOSS PREMIUMS



	FY04 \$125,000	FY05 \$125,000	FY06 \$150,000	FY07 \$150,000	FY08 \$175,000	FY09 \$175,000 YTD
■ Plan Year Stoploss Premiums	\$701,605.80	\$1,045,721	\$1,400,444	\$1,667,026	\$1,840,519	\$497,628
■ Plan Year Stoploss Payments	\$2,629,979	\$1,989,282	\$1,551,626	\$1,604,231	\$1,956,391	\$210,676
□ Plan year Net Stoploss Payments	(\$1,928,373)	(\$943,561)	(\$151,182)	\$62,795	(\$115,872)	\$286,952

**Travis County Benefit Plan  
FY08 compared to FY07  
Costs by Diagnosis Category**

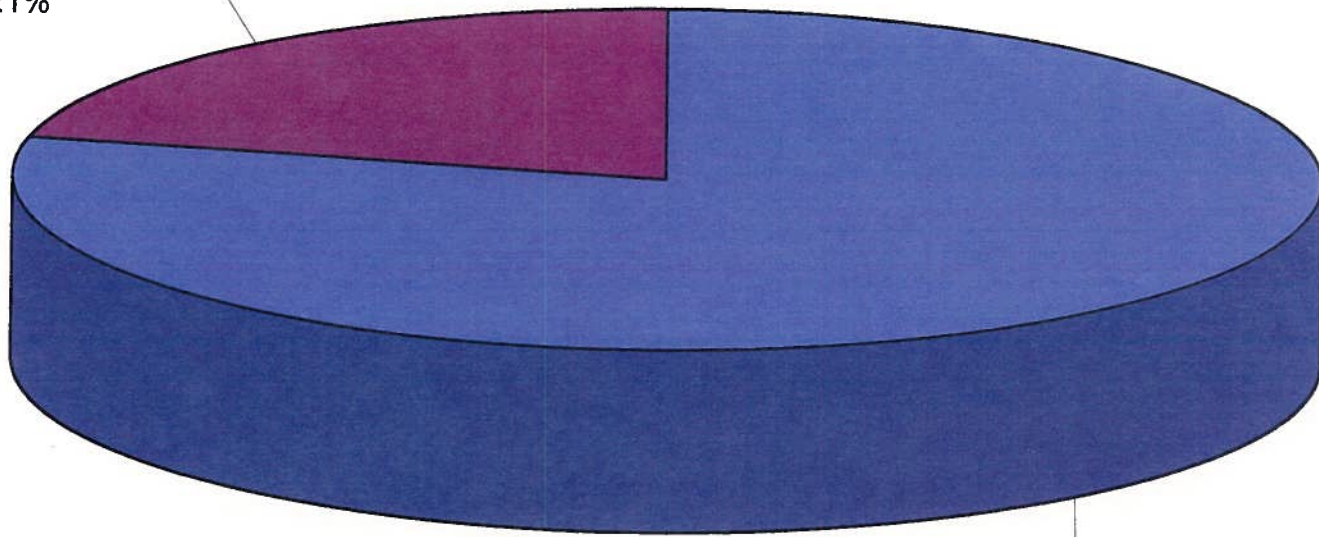
81





**TRAVIS COUNTY BENEFIT PLAN  
FY 08 Plan Overview- All Plans  
October 2007 thru September 2008**

Managed Pharmacy  
\$6,832,237  
21%



Medical \$25,306,917  
79%

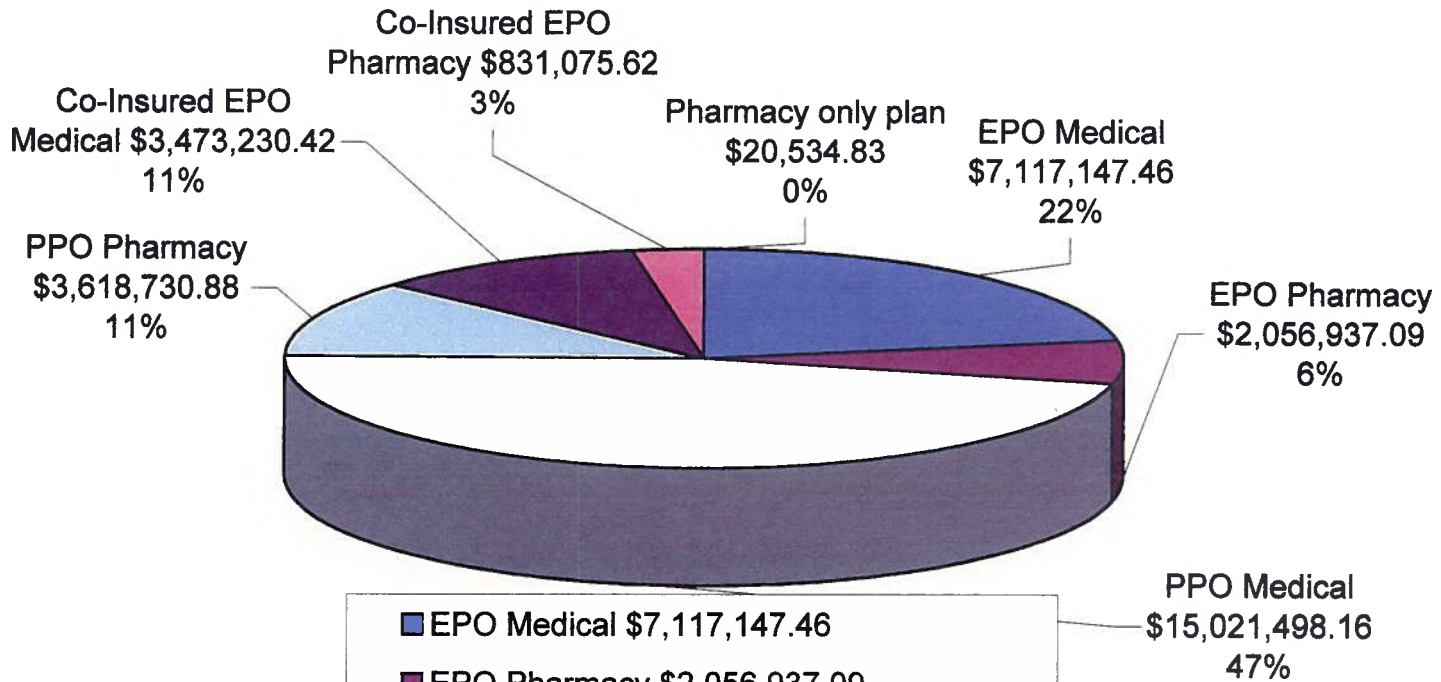
■ Medical	\$25,306,917
■ Managed Pharmacy	\$6,832,237

**Based on paid  
claims, not cleared  
checks**

**Gross paid claims  
\$32,139,154**

b1

**TRAVIS COUNTY BENEFIT PLAN  
PLAN TO PLAN COMPARISON  
October 2007 through September 2008**



■	EPO Medical \$7,117,147.46
■	EPO Pharmacy \$2,056,937.09
□	PPO Medical \$15,021,498.16
□	PPO Pharmacy \$3,618,730.88
■	Co-Insured EPO Medical \$3,473,230.42
■	Co-Insured EPO Pharmacy \$831,075.62
■	Pharmacy only plan \$20,534.83

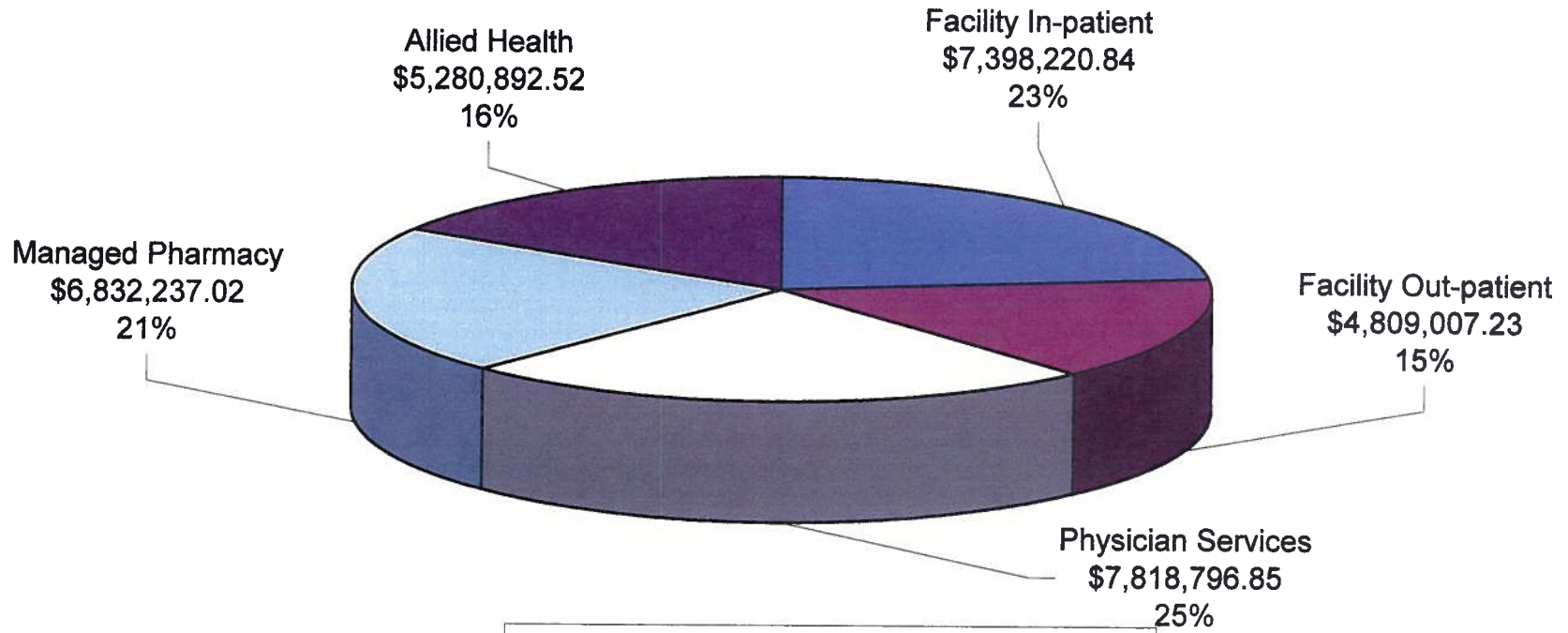
**Based on paid claims, not cleared checks**

**Gross paid claims \$32,139,154.46**

02



**TRAVIS COUNTY BENEFIT PLAN  
TYPE OF SERVICE COMPARISON- ALL PLANS  
October 2007 through September 2008**



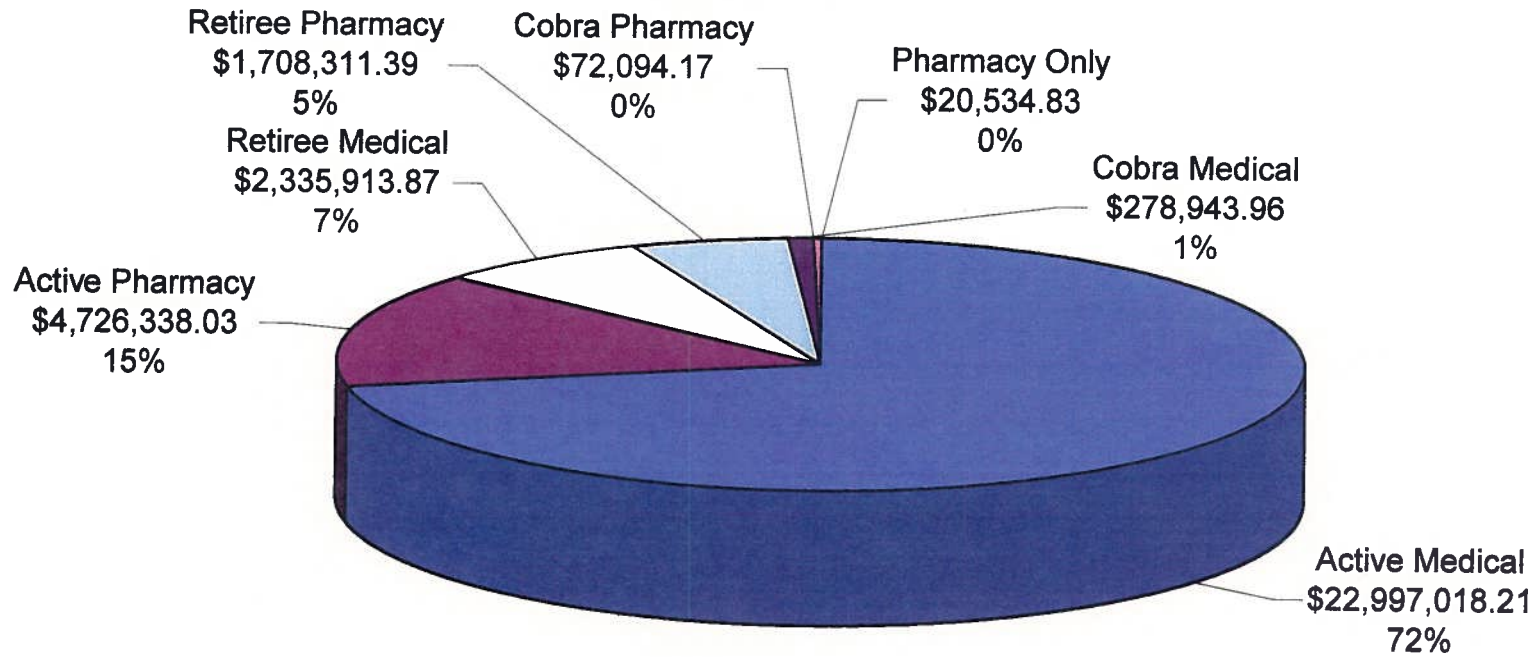
**Based on paid claims,  
not cleared checks**

■ Facility In-patient	\$7,398,220.84
■ Facility Out-patient	\$4,809,007.23
□ Physician Services	\$7,818,796.85
□ Managed Pharmacy	\$6,832,237.02
■ Allied Health	\$5,280,892.52

**gross paid claims  
\$32,139,154.46**

21

**TRAVIS COUNTY BENEFIT PLAN  
ACTIVE vs RETIREE COMPARISON  
October 2007 through September 2008**



22

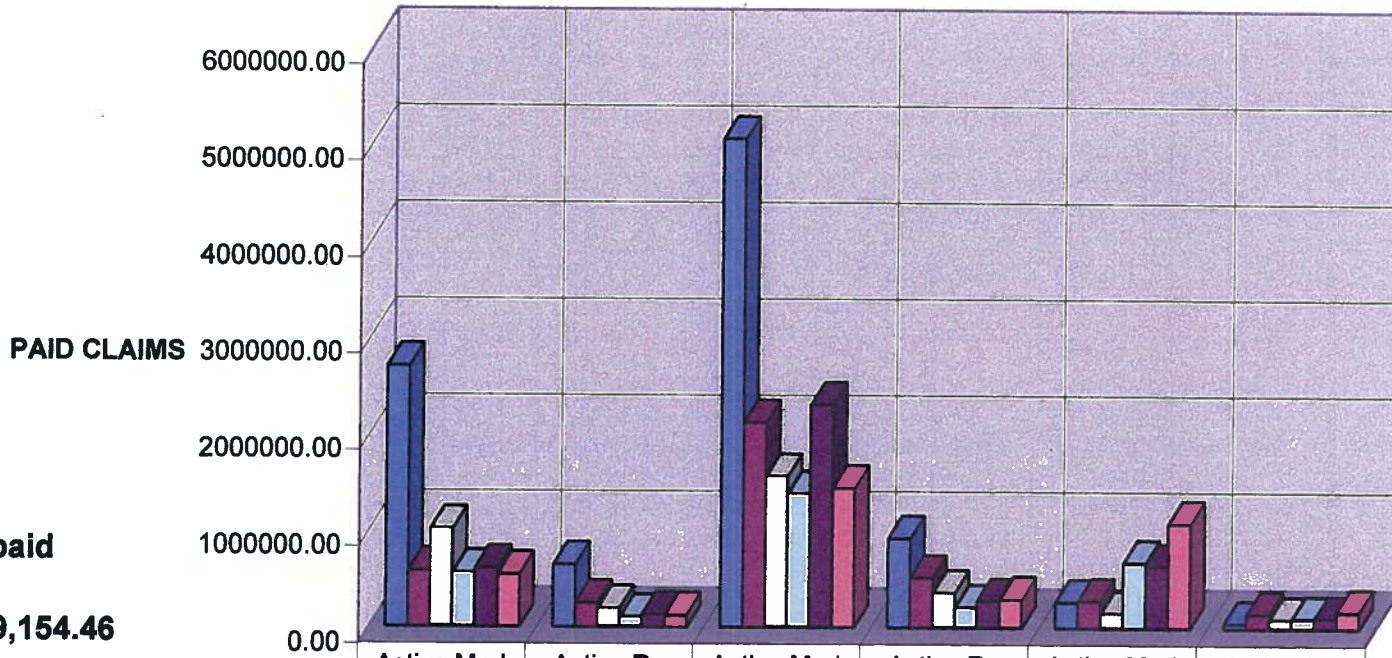
**Based on paid claims,  
not cleared checks**

■ Active Medical	\$22,997,018.21
■ Active Pharmacy	\$4,726,338.03
□ Retiree Medical	\$2,335,913.87
□ Retiree Pharmacy	\$1,708,311.39
■ Cobra Medical	\$278,943.96
■ Cobra Pharmacy	\$72,094.17
■ Pharmacy Only	\$20,534.83

**Gross paid claims  
\$32,139,154.46**

**TRAVIS COUNTY BENEFIT PLAN  
PAID CLAIMS BY PLAN AND TIER- ACTIVES  
October 2007 through September 2008**

23



**gross paid claims  
\$32,139,154.46**

**Based on paid claims, not cleared checks**

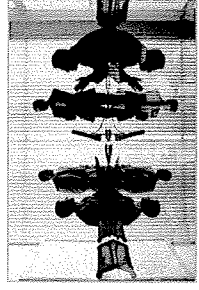
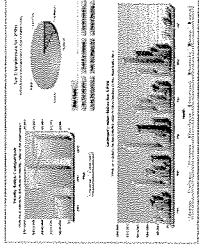
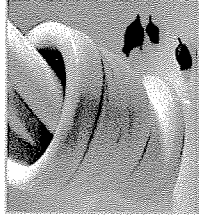
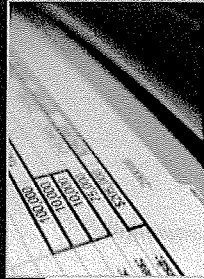
	Active Med EPO	Active Rx EPO	Active Med PPO	Active Rx PPO	Active Med CEPO	Active Rx CEPO
■ E only	2705851.72	646491.37	5067273.87	919929.49	268860.74	50535.68
■ E + adult	580583.43	252687.41	2123396.25	511988.23	279859.42	147644.56
□ E+ 1 child	1013132.29	197664.83	1565234.53	363312.91	155503.71	98956.22
□ E+ 2 ch	562101.19	109178.91	1384692.77	211913.93	675840.58	105317.97
■ E+ adult+ 1 ch	606132.98	130727.14	2305926.97	274748.77	632082.79	103736.68
■ E+ family	545115.15	128271.40	1442151.57	297635.37	1083278.25	175597.16

**PLANS**





# **United Healthcare Report**



# Health Plan Performance Review prepared for Travis County

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**Plan Year October 2007 – September 2008**

# Agenda

2



- Introductions
- Executive Summary: Key Findings & Affordability Challenges
- Foundation & Demographics
- Key Cost and Utilization Indicators Review
- Index of Member Activation
- Care Management Review
- Solution Opportunities

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# Executive Summary:

## Key Findings & Affordability Challenges



- Medical trend increased in 2008: Allowed Per Member Per Month (PMPM) medical expenses rose 9.7% in PY 2008 and net paid PMPM increased 10.4%.
- The pharmacy trend increase was relatively small: Allowed PMPM pharmacy expenses rose 2.6% in PY 2008, and net paid PMPM was 4.9% higher.
- Medical plan cost-share has been consistent year-over-year, but is 8% higher than Peer. Pharmacy cost share is 7% higher than Peer.
- Over past 3 years, Chronic Renal Failure, Chronic Obstructive Pulmonary Disease (COPD) Asthma & Back problems have increased, while prevalence of Heart Failure, Coronary Artery Disease and Diabetes has declined.
- Cancer and Musculoskeletal conditions are the highest diagnosis chapters.



## Data Definitions

### Experience Periods

- PY 2006 claims incurred 10/1/05-9/30/06, paid through 12/31/06
- PY 2007 claims incurred 10/1/06-9/30/07, paid through 11/30/07
- PY 2008 (Current) claims incurred 10/1/07-9/30/08, paid through 11/30/08

### UnitedHealthcare Norm

- UnitedHealthcare commercial book of business

### Peer Group

- Other self-funded Texas government entities



# Demographics Review & Analysis

# Foundation - Demographics



## Demographic risk factor within 2% of Peer and Norm; Substantial variation among plans

	10/1/05- 9/30/06	10/1/06- 9/30/07	10/1/07- 9/30/08	Co-Pay EPO	Coinsurance EPO	PPO	Peer	Norm
Membership	6,533	6,889	7,261	1,602	1,372	4,287	61,351	
Employees	3,730	3,872	4,065	968	539	2,559	31,496	
Contract Size	1.8	1.8	1.8	1.7	2.5	1.7	1.9	2.1
<b>Employees: Average Age</b>	42.6	42.8	43.2	45.4	42.6	42.6	44.6	42.9
<b>% Female</b>	48.4%	48.9%	49.3%	51.9%	42.7%	49.7%	34.3%	48.8%
<b>Members: Average Age</b>	32.8	32.8	33.1	35.5	28.8	33.5	33.4	33.1
<b>% Female</b>	51.1%	51.8%	51.9%	52.9%	49.9%	52.2%	46.2%	51.9%
<b>% Female (20 - 44)</b>	21.6%	21.6%	21.2%	19.2%	19.6%	22.5%	16.5%	20.5%
<b>% Children (&lt;19)</b>	26.7%	26.8%	26.8%	23.9%	37.3%	24.6%	28.4%	28.0%
<b>Age/Gender Factor</b>	1.006	1.013	1.022	1.108	0.900	1.029	1.030	1.044

Variation between plans pronounced



# Key Cost & Utilization Indicators Review

# Key Indicators Summary



	10/1/05- 9/30/06	10/1/06- 9/30/07	10/1/07- 9/30/08	3 Year % Change	Peer	Variance	Norm	Variance
<b>Medical Experience</b>								
Allowed PMPM	\$265	\$277	\$304	15%	\$276	10%	\$261	17%
Net Paid PMPM	\$242	\$251	\$277	14%	\$229	21%	\$229	21%
Cost Share	91%	91%	91%	0%	83%	8%	88%	3%
High Cost Claimant PMPM	\$78	\$78	\$99	26%	\$84	17%	\$64	55%
Admits per 1,000	62.8	66.5	64.0	2%	56.2	14%	58.5	9%
Days per 1,000	280.0	389.5	286.6	2%	277.8	3%	250.3	14%
Average Length of Stay	4.5	5.9	4.5	0%	4.9	-9%	4.3	5%
ER Events per 1,000	205	206	213	4%	164	30%	181	18%
PCP Visits per 1,000	2,286	2,332	2,349	3%	2,007	17%	2,084	13%
Specialist Visits per 1,000	1,833	1,896	1,992	9%	1,757	13%	1,738	15%
<b>Pharmacy</b>								
Allowed PMPM	\$72	\$78	\$80	11%	\$70	14%	\$61	31%
Net Paid PMPM	\$55	\$61	\$64	16%	\$52	24%	\$45	42%
Cost Share	77%	79%	80%	5%	74%	7%	74%	6%
Prescriptions PMPY	11.2	11.6	12.0	7%	10.8	11%	10.0	20%
Net Paid per Prescription	\$59	\$63	\$64	9%	\$57	12%	\$54	18%
Tier 1 Prescriptions	50%	55%	60%	20%	60%	0%	61%	-1%

\*Highlighted areas indicate variances over 15%

# Impact of High Cost Claims



**Top 3 claims account for \$23 PMPM, without those claims, PY 2008 medical trend was 1.2%.**

	10/1/05-9/30/06		10/1/06-9/30/07		10/1/07-9/30/08		% Change		Co-Pay EPO		Coinsurance EPO		PPO		Peer		Norm	
Large Loss Members (>\$50,000)	46	48	67	40%	22	11	34											
% of Members as High Cost	0.70%	0.70%	0.92%	0%	1.37%	0.80%	0.79%											
High Cost PMPM	\$78.41	\$77.53	\$98.72	27%	\$101.17	\$70.28	\$106.91											
% of PMPM as High Cost	32%	31%	36%	5%	30%	34%	38%											
Cost Per High Cost Claimant	\$133,632	\$133,511	\$128,386	-4%	\$88,391	\$105,223	\$161,759											

# Key Indicators Summary



Prevalence of Intervertebral Disc Disorders & Depression is higher in each plan than it is in either of the benchmarks

Diagnosis	10/1/05-9/30/06			10/1/06-9/30/07			10/1/07-9/30/08			3 Year Change			Claimants per 1,000						
	9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	EPO	Co-Pay	Coinsurance	PPO	Peer	Variance	Norm
Congestive Heart Failure (CHF)	4.6	4.2	3.3	4.2	4.2	3.3	4.6	4.2	3.3	3.3	3.3	0.7	5.6	0.7	3.3	3.4	-3%	3.1	6%
Coronary Artery Disease (CAD)	22.2	18.3	20.1	18.3	18.3	20.1	22.2	18.3	20.1	18.9	18.9	10.9	31.2	10.9	18.9	20.5	-2%	20.9	-4%
Hypertension	97.3	88.8	97.0	88.8	88.8	97.0	97.3	88.8	97.0	91.2	91.2	67.8	137.3	67.8	91.2	107.2	-10%	107.8	-10%
Diabetes	50.7	43.8	46.6	43.8	43.8	46.6	50.7	43.8	46.6	41.1	41.1	38.6	68.1	38.6	41.1	48.6	-4%	47.3	-2%
Chronic Obstructive Pulmonary Disease (COPD)	14.1	16.3	18.0	16.3	16.3	18.0	14.1	16.3	18.0	28%	28%	21.9	23.1	21.9	14.9	16.1	12%	20.1	-10%
Asthma	36.0	39.1	38.3	39.1	39.1	38.3	36.0	39.1	38.3	6%	6%	29.9	46.2	29.9	38.0	31.9	20%	33.3	15%
Intervertebral Disc Disorders	109.1	108.7	116.5	108.7	108.7	116.5	109.1	108.7	116.5	7%	7%	109.3	134.2	109.3	112.2	92.4	26%	100.0	16%
Normal Pregnancy	20.7	25.8	26.4	25.8	25.8	26.4	20.7	25.8	26.4	28%	28%	32.1	18.1	32.1	27.8	17.3	53%	25.4	4%
Chronic Renal Failure	3.8	4.5	4.4	4.5	4.5	4.4	3.8	4.5	4.4	15%	15%	1.5	6.2	1.5	4.7	4.1	6%	3.8	17%
Depression	34.9	30.0	33.3	30.0	30.0	33.3	34.9	30.0	33.3	-4%	-4%	32.1	30.0	32.1	35.0	24.4	36%	27.6	21%
Breast Cancer	5.2	5.1	5.5	5.1	5.1	5.5	5.2	5.1	5.5	6%	6%	2.2	11.2	2.2	4.4	5.2	6%	6.4	-13%
Colon Cancer	0.9	0.9	1.0	0.9	0.9	1.0	0.9	0.9	1.0	5%	5%	0.0	1.9	0.0	0.9	1.2	-21%	1.3	-25%
Prostate Cancer	1.8	2.2	1.5	2.2	2.2	1.5	1.8	2.2	1.5	-18%	-18%	2.2	2.5	2.2	0.9	2.8	-46%	2.9	-48%
Cervical Cancer	5.8	9.0	7.6	9.0	9.0	7.6	5.8	9.0	7.6	30%	30%	7.3	10.6	7.3	6.5	6.0	27%	7.0	8%

\* Highlighted areas indicate variances over 15%



# Clinical Cost Drivers



## Higher incidence & spend for conditions suggestive of untreated or under-treated anxiety (tan shading)

Diagnosis Chapter	Top Diagnosis Categories	Current Claimants / 1000			Allowed PMPM			
		Current	Change to Peer	Variance to Peer	Current	Change to Peer	Variance to Peer	
Musculoskeletal, Connctv Tissue	Spondylosis, intervertebral disc disord, other back problems	116.5	7%	26%	\$14.82	33%	-2%	25%
Neoplasms	Maintenance chemotherapy, radiotherapy	1.2	-22%	-34%	\$12.03	665%	300%	100%
Congenital Anomalies	Cardiac & circulatory congenital anomaly	2.8	-14%	24%	\$8.01	285%	736%	92%
Digestive System	Biliary tract dis	7.2	15%	19%	\$7.69	180%	176%	61%
Circulatory System	Coronary atherosclerosis	19.1	11%	1%	\$6.95	-3%	2%	38%
Circulatory System	Nonspecific chest pain	60.2	-7%	23%	\$6.28	-2%	24%	5%
Other Conditions	Abdominal pain	81.3	5%	23%	\$5.33	3%	20%	9%
Respiratory System	Other upper respiratory infect	258.0	-1%	9%	\$5.17	34%	26%	23%
Injury and Poisoning	Joint disord & dislocations, trauma related	23.1	7%	21%	\$5.13	80%	52%	33%
Musculoskeletal, Connctv Tissue	Other connect tissue dis	111.4	-1%	25%	\$5.10	8%	11%	8%

\* Highlighted areas indicate variances over 15% vs. Peer

Indicates Driven by high cost claims



# High Cost Claimants



## High cost claimants and spend by date of service month

C	a	s	e	A	H	R	Q	C	a	I n c u r r e d M o n t h																
										2	0	0	7	2	0	0	8	4	5	6	7	8	9	10	11	
1	Maint Chemol/Radiotherapy			\$977,321				X																		
2	Biliary Tract Disease			\$842,662				X																		
3	Circulatory Cong Anomalies			\$520,720				X																		
4	Dm With Complications			\$371,285				X																		
5	Coag/Hemorrhagic Disorders			\$311,733				X																		
6	Other Liver Diseases			\$221,130				X																		
7	Intervertebral Disc Disorders			\$185,670				X																		
8	Circulatory Cong Anomalies			\$183,924				X																		
9	Ca Of Kidney/Renal Pelvis			\$181,051				X																		
10	Enteritis/Ulcerative Colitis			\$171,290				X																		
11	Surgical/Medical Care Compl			\$161,682				X																		
12	Chf Nonhypertensive			\$160,257				X																		
13	Ca Of Brain And Ns			\$155,335				X																		
14	Maint Chemol/Radiotherapy			\$146,680				X																		
15	Ca Of Rectum And Anus			\$138,993				X																		
16	Ca Of Bladder			\$136,578				X																		
17	Pathological Fracture			\$132,164				X																		
18	Epilepsy Convulsions			\$132,014				X																		
19	Surgical/Medical Care Compl			\$131,179				X																		
20	Malignant Neoplasm Nos			\$131,088				X																		
21	Digestive Cong Anomalies			\$128,564				X																		
22	Other Uri			\$123,648				X																		
23	Non-Hodgkin'S Lymphoma			\$105,941				X																		
24	Inf Arthritis/Osteomyelitis			\$103,722				X																		

= >\$100,000    
 = \$50,000 - \$99,999    
 = \$1,000 - \$49,999    
 < \$1,000



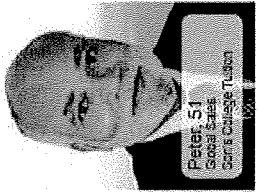
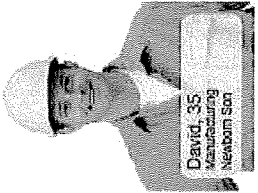



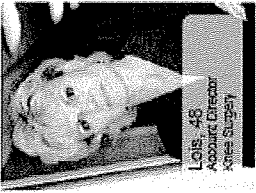
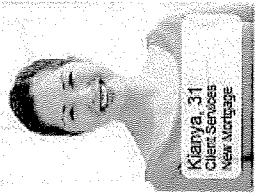




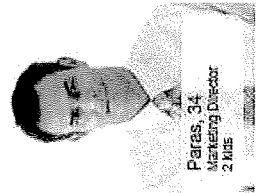
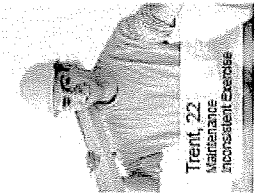
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# Travis County's Member Activation

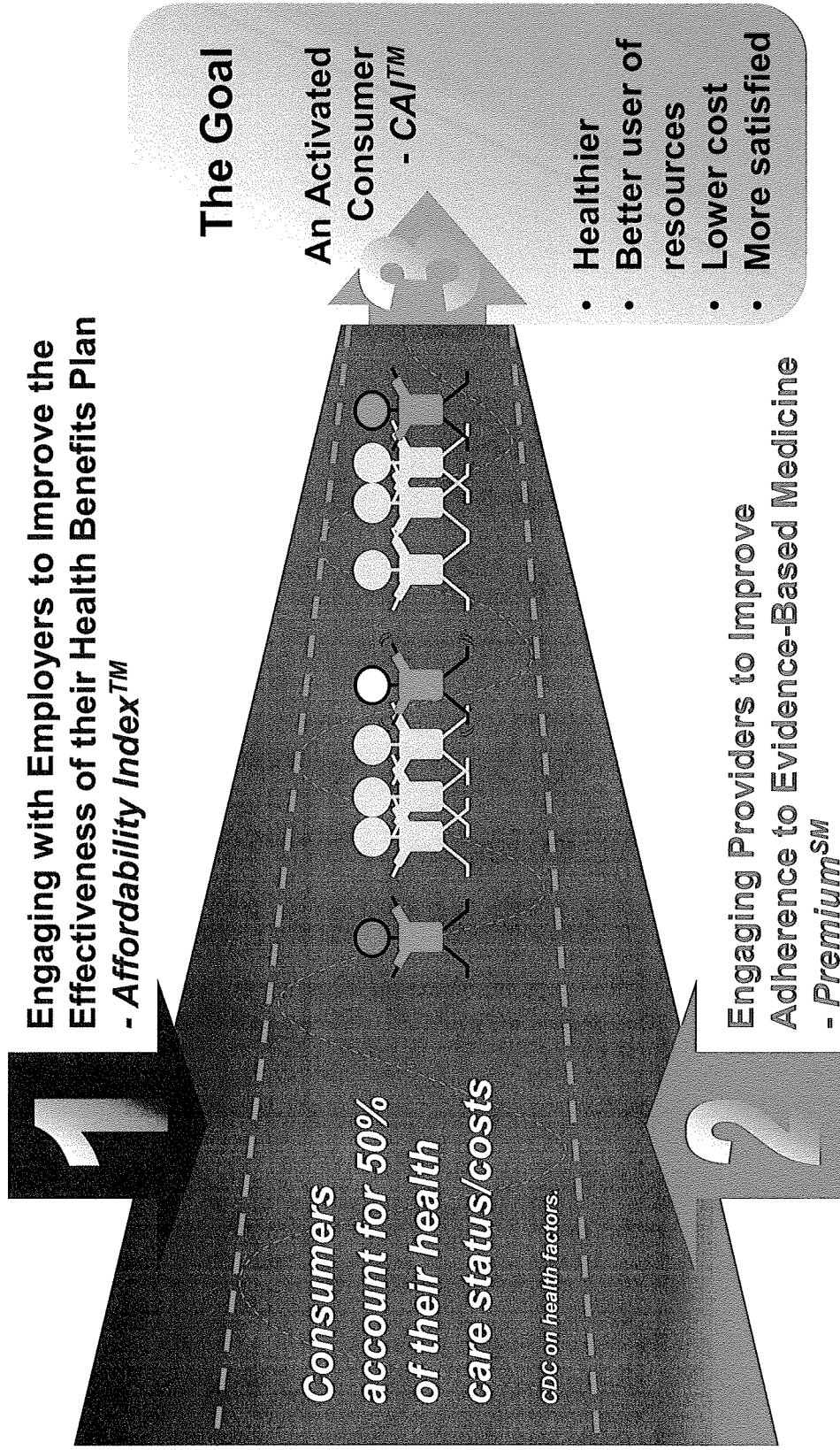
# Unique Individuals with Like Health Goals



Living with Illness	Empty Nesters	Mature Families	Young Families	Young Singles
 <p><b>Anders, 51</b> Press Manager Worship time</p>	 <p><b>Josephine, 59</b> Chairman Spending time</p>	 <p><b>Peter, 51</b> Sales Sport Charge Truck</p>	 <p><b>David, 35</b> Manufacturing Newborn Son</p>	 <p><b>Jan, 23</b> Account Executive Pays Student Loans</p>
 <p><b>Leah, 59</b> Receptionist Downsizing home</p>	 <p><b>Dennis, 58</b> Vice President Planning for Retirement</p>	 <p><b>Lois, 48</b> Account Director Knee Surgery</p>	 <p><b>Kiara, 31</b> Client Services New Mortgage</p>	 <p><b>Brian, 25</b> Media Sales Dust Allergy</p>
 <p><b>Alex, 46</b> HVAC High Cholesterol</p>	 <p><b>Will, 66</b> Maintenance High Cholesterol</p>	 <p><b>Maria, 44</b> Team Lead Asthma</p>	 <p><b>Paras, 34</b> Marketing Director 2 Kids</p>	 <p><b>Trent, 22</b> Maintenance Inconsistent Exercise</p>

Consumers are making an average of 6-8 decisions every year about health care.

# Engaging the System for Better Outcomes for Consumers





# Informed Decisions Lead to Lower Costs

## - 3 Key Studies Across Stakeholders

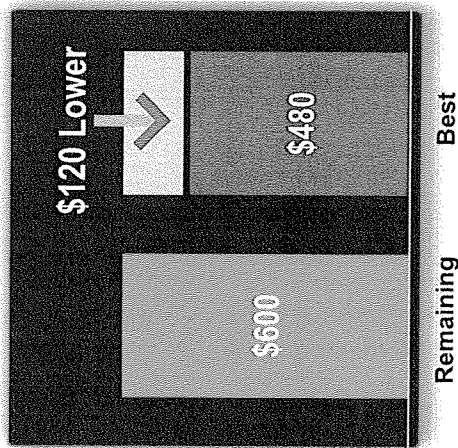


Physicians who make better decisions **deliver** superior quality and cost less.

Employers who make better decisions **realize** better value.

Consumers who make better decisions **achieve** better care and cost less.

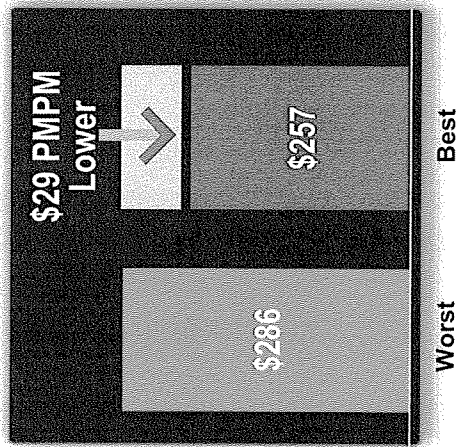
Per Episode Cost



**Physicians**  
20% Less

Estimated savings based on using UnitedHealth Premium experience. \$12bn in episode spend 2005-2006. Savings based on 20% average. Actual savings estimates would vary from 9% to 24% based on physician specialty.

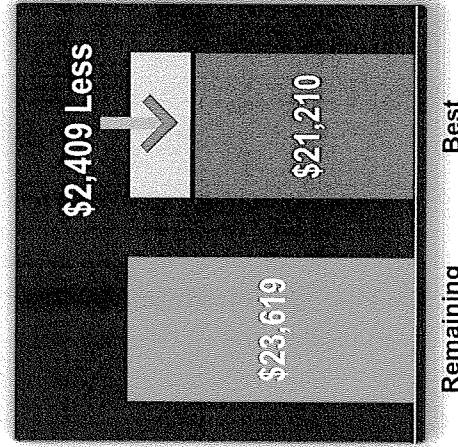
Employer PMPM Cost



**Employers**  
10% Less

Uniprise 2007 experience with 383 employer groups based on adoption of clinical and consumer solutions. Adjusted PMPM comparison for low (15<sup>th</sup> percentile) vs. high (85<sup>th</sup> percentile). PMPM adjusted for demographic, geographic, and catastrophic claimants.

High Risk Chronic Illness Cost



**Consumers**  
10% - 15% Less

Uniprise study of 88,000 chronic members with >3 health risk score. Engaged defined as activation of >80%. Chronic illnesses included asthma, diabetes, CAD/CHF.

# Travis County Consumer Activation Index Begins with consumer decision making.



**Definition:** When faced with a health care decision, does the consumer make the optimal choice – clinically, financially or service-wise?

**For Travis County of 37,087 measured decisions, ~ 53.7% represent an opportunity for improvement.**

## Measurement: Decision Making in Three Categories

- **Clinical Decisions**
- Wellness Exams
- Diabetes and other chronic illness Monitoring
- Cancer Screenings

- **Service Decisions**
- Myuhc Utilization
- Nurseline Usage
- Client specific programs

- **Financial Decisions**
- Network Utilization
- UnitedHealth Premium Providers
- Generic Utilization

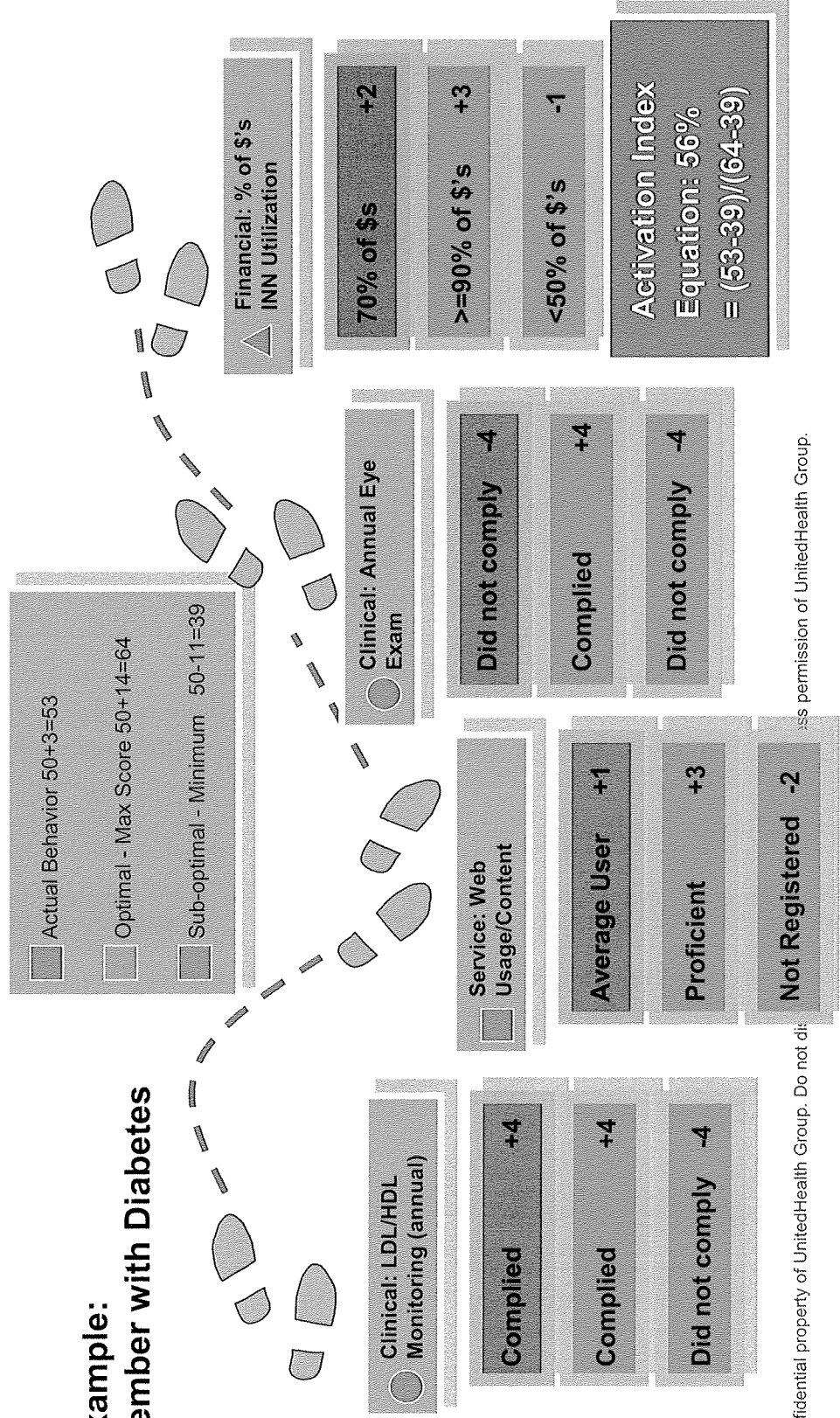
\* Uniprise Non-CDH book norm is ~48% decisions are sub-optimal. Confidential property of UnitedHealth Group. Do not distribute or reproduce without the express permission of UnitedHealth Group.

# Measuring Activation – How we do it. Consumer Activation Index (CAI™)



- Track consumer health care decisions relative to norms by life stage (12-24 observation periods)
- Decisions tracked in financial, service and clinical categories
- Starting with 50 pts, evaluate consumer's decision performance over an observed period

## Example: Member with Diabetes



## Basis of Presentation

19



The basis for the slides on consumer activation is different than for the data in the rest of this presentation:

- Data includes claims paid July 1, 2007 through June 30, 2008 through September 30, 2008
- Comparison is to a national public sector Norm of over 1 million members



# Key Findings



- + Travis County's Consumer Activation is 2.8% higher than the Norm
- + 86% of those eligible for case management participated in those services

## **Opportunities for improvement exist:**

- In aggregate, Chronicity represent the greatest percent of subscribers and highest percent of spend. They are 31% of total subscribers and 55.4% of total spend with an average of 11.4 months on plan.

### Chronicity have:

- Lowest in network utilization
- Have more Emergency Room visits than the norm

### Wellness Related Measures:

- Only 31% of subscribers under 40 had an annual exam
- Only 25% had colorectal screenings
- Only 29% of eligible males had PSA screening

### Other areas

- 46% Participation in Healthy Pregnancy, although 100% participation by High Risk Pregnant women
- Flu shot participation is 0% (though 900 flu shots administered by Clinic)



# Travis County Demographics by Life Stage

Period Claim Incurred: July 1, 2007 through June 30, 2008

Period Claim Paid: July 1, 2007 through September 30, 2008

Metrics	Young Singles	Young Families	Older Families	Empty Nesters/ Older Singles	Chronics	Combined
Average Subscribers:	705	465	401	1,210	1,243	4,024
Pct of Total Subscribers:	18%	12%	10%	30%	31%	100%
Pct of Total Spend : <sup>3</sup>	4.9%	11.0%	9.4%	19.4%	55.4%	100%
Average Contract Size:	1.0	2.6	3.0	1.2	2.1	1.8
Average Subscriber Months/Year:	9.7	10.1	11.3	11.0	11.4	10.7
Average Risk Scores:	0.9	1.3	1.4	1.6	2.8	1.8
<b>Key Demo/Socio Factors:</b>						
-Avg Subscriber Age:	31.4	33.4	46.5	51.4	47.6	44.2
-Pct Female Subs	53%	45%	39%	52%	50%	49%
<b>NORM <sup>2</sup></b>						
Pct of Total Subscribers:	16%	10%	10%	32%	32%	100%
Pct of Total Spend:	4%	11%	10%	21%	54%	100%
Average Contract Size:	1.0	3.0	3.6	1.3	2.3	2.0
Average Subscriber Months/Year:	9.3	10.0	10.7	10.6	11.0	10.4
Average Risk Scores:	0.9	1.3	1.6	1.8	3.1	2.0
<b>Key Demo/Socio Factors:</b>						
-Avg Subscriber Age:	30.0	33.0	46.5	53.1	50.1	45.8
-Pct Female Subs	63%	59%	53%	66%	61%	62%

<sup>1</sup> Source: CDB Data

<sup>2</sup> Public Sector Norm based on ~1 million members

<sup>3</sup> Based on Covered Charges, Rolling 12 Months Ending June 30, 2008

- Risk score for all slightly lower than for norm
- Travis County employees average 0.3 months more on plan than does the norm
- Lower percentage of female subscribers vs. norm

## Travis County Consumption of Care by Life Stage

Period Claim Incurred: July 1, 2007 through June 30, 2008  
 Period Claim Paid: July 1, 2007 through September 30, 2008

Metrics	Young Singles	Young Families	Older Families	Empty Nesters/ Older Singles	Chronics	Combined
Average PEPY - Covered Exp: <sup>4</sup>	\$1,812	\$6,103	\$6,054	\$4,134	\$11,521	\$6,427
% High Cost Fam's (> \$75k): <sup>4</sup>	0.1%	0.6%	0.7%	0.5%	2.6%	1.1%
Adequacy of Benefit (AOB): <sup>4</sup>	84.5%	89.0%	87.6%	90.1%	90.5%	89.7%
Office Visits/1000 Mbrs:	3,054	3,655	3,303	3,889	5,369	4,208
Admits/1000 Mbrs:	23	81	33	44	97	65
ER Visits/1000 Mbrs:	154	199	166	155	276	208
OP Surg Visits/1000 Mbrs:	69	56	90	176	167	128
Rx Scripts/1000 Mbrs:	7,277	5,748	6,529	14,332	17,982	12,251
<b>VARIANCE to NORM</b> <small>(higher = lower)</small>						
Average PEPY - Covered Exp:	\$42	-\$1,263	-\$904	-\$277	-\$5	-\$382
% High Cost Fam's (> \$75k):	0.0%	-0.3%	-0.2%	0.0%	0.7%	0.2%
Adequacy of Benefit (AOB):	1.2%	3.6%	3.4%	4.2%	2.4%	2.9%
Office Visits/1000 Mbrs:	+8	-1	+260	-196	-65	-46
Admits/1000 Mbrs:	-7	-22	+5	+2	-2	-3
ER Visits/1000 Mbrs:	-34	-3	+23	+22	+36	+19
OP Surg Visits/1000 Mbrs:	-11	-24	-5	-36	-38	-30
Rx Scripts/1000 Mbrs:	916	739	580	1,746	1,685	1,192

<sup>4</sup> Dollars reflect medical spend only

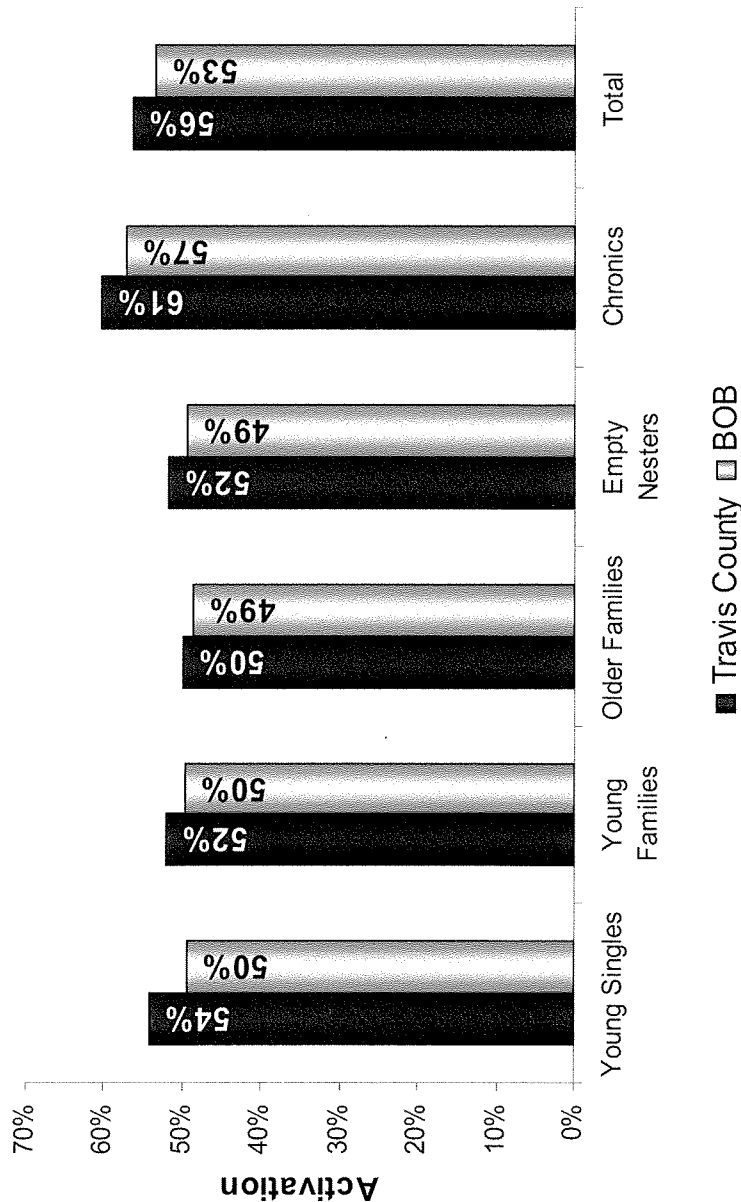
- Travis County's average PEPY covered expenses is almost \$400 less than norm
- Travis County employees use the ER more often exception is the Young Singles & families
- Physician visits less frequent for Travis County employees



# Travis County Activation by Life Stage

Period Claim Incurred: July 1, 2007 through June 30, 2008

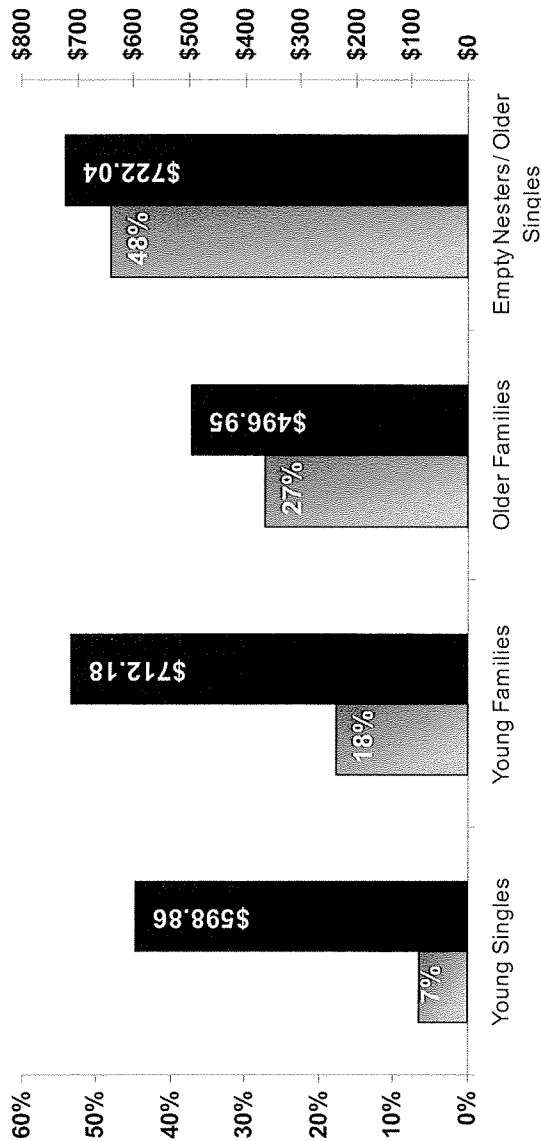
Period Claim Paid: July 1, 2007 through September 30, 2008



- Older families have the lowest activation
- Chronics have the highest activation



If Chronics were not in 'Chronic' Life Stage, they would fall into these Life Stages:



■ Pct of Chronics by Life Stage ■ Cov PMPM by Life Stage

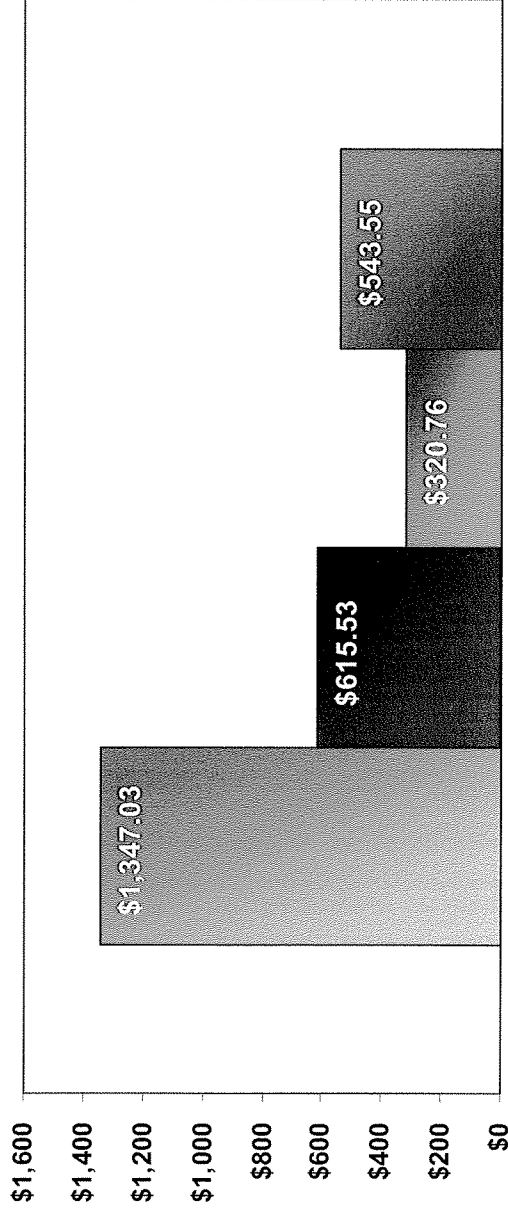
- Greatest percent are older singles / empty nesters & greatest spend
- Young families represent the second highest spend primarily by asthma

# Clinical Program Results



**While respiratory conditions dominate in prevalence, CAD & diabetes are highest in PMPM**

Average Covered PMPM



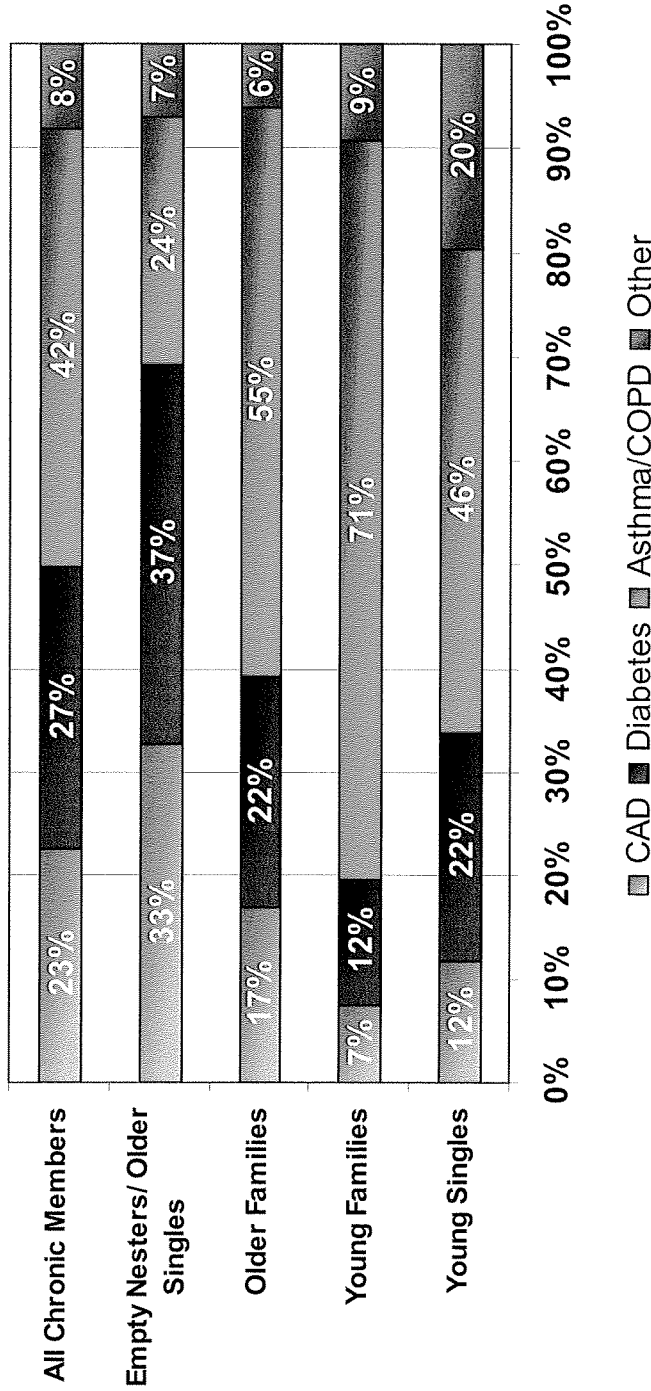
■ CAD ■ Diabetes ■ Asthma/COPD ■ Other



# Chronic Conditions within Life Stages



Percentage of Chronic Members



- Respiratory conditions comprise the largest percent of diagnoses for chronics
- Diabetes drives the empty nesters/older singles, suggestive of Type 2 predominately due to behavioral choices



# Care Management Review



# Member Engagement



## The Continuum of members engagement within the clinical programs.

Eligible:		A member that was eligible for benefit coverage during the reporting period.	
	Prior	Current	
Members	Total Payments	Members	Total Payments
6,853	\$25,977,045	7,232	\$29,905,051
<b>Qualified:</b> A member who had a notification or program referral that was not rejected, or was transferred from another program. Must meet program eligibility requirements. (Unable to reach or false positives.)			
Members	Total Payments	Members	Total Payments
1,744	\$ 16,936,252	1,881	\$ 18,959,546
<b>Touched:</b> A member who has one or more touch points through direct nurse contact or mailings. (Members refusing to participate.)			
Members	Total Payments	Members	Total Payments
1,729	\$ 16,592,112	1,876	\$ 18,934,763
<b>Enrolled:</b> A member who has agreed to participate in a clinical program or a member who is participating in a mailing program. (Members not yet engaged in program.)			
Members	Total Payments	Members	Total Payments
374	\$ 9,681,713	370	\$ 10,925,041
<b>Actively Engaged:</b> A member for whom direction with regard to their personal health management has been given and acknowledged.			
Members	Total Payments	Members	Total Payments
232	\$ 9,028,061	225	\$ 10,129,734

\*Members participating in multiple programs will be captured within various population layers.  
 \*\*\*Members touched through wellness and diagnoses reminders would not move into an enrolled status.

# Program Goals



## Members' Progress within Programs

Description	Prior	Current
<b>Program Goals</b>		
Actively Engaged Members Who have Met at Least One Goal	83%	67%
Actively Engaged Members Who are Still Working Toward a Goal	30%	33%
Actively Engaged Members Who have Not Met a Goal	13%	33%

# Gaps in Care



## Opportunities to affect change for program participants

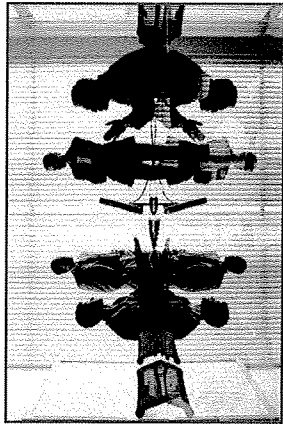
Description	High Cost Actively Engaged Members % of Total Gaps	
	Prior	Current
Additional Care/Treatment Needs	6.3%	9.0%
Behavioral Health Need	2.1%	3.8%
Condition Appropriate Medication	2.1%	1.3%
Condition Management Issue	6.3%	14.1%
Educational Need	29.2%	15.4%
Lab or Condition Monitoring Issue	8.3%	2.6%
Lifestyle Management Need	8.3%	2.6%
Medication Issues	0.0%	3.8%
Network Utilization Issue	22.9%	16.7%
Physician / Provider Need	4.2%	6.4%
Preventative Care Need	8.3%	7.7%
Socio-Economic(or safety) Issues	2.1%	5.1%
Other	0.0%	11.5%
Total	100.0%	100.0%



**1) Why do members decide not to participate in case management or wellness initiatives?**

- Initial contact
- Enrollment

**2) How do we overcome those barriers?**



# Solution Opportunity: Back Pain

## Solution Opportunity:

### Back Pain



- Musculoskeletal is Travis County's second highest diagnosis chapter at \$34.79 Allowed PMPM, and back problems represent 43% of these costs.
- Back problems are the County's highest cost diagnosis category at \$14.83 Allowed PMPM.
- Overall musculoskeletal costs are 22% greater than expected\* while the claimants are 11% less than expected.

\* Age/gender specific expected costs compared to actual costs

# Solution Opportunity:

## Back Pain



**Higher claimants/1,000 than either Peer or Norm**

**ER visits are down year-over-year for back pain, but still exceed Peer and Norm**

Metric	Back Pain Metrics					Peer	Variance	Norm	Variance
	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	3 Year % Change					
Claimants per 1,000	109.1	108.7	116.5	7%	92.4	26%	100.0	16%	
Medical Allowed PMPM	\$15.02	\$11.16	\$14.82	-1%	\$15.08	-2%	\$13.75	8%	
Annual Cost per Claimant	\$1,652	\$1,231	\$1,527	-8%	\$1,958	-22%	\$1,649	-7%	
% High Cost	28%	7%	25%	-10%	20%	27%	23%	10%	
ER Visits	3.7	6.0	4.7	27%	3.9	21%	4.4	7%	
IP Admissions per 1,000	1.8	1.2	0.7	-63%	1.6	-57%	1.6	-56%	

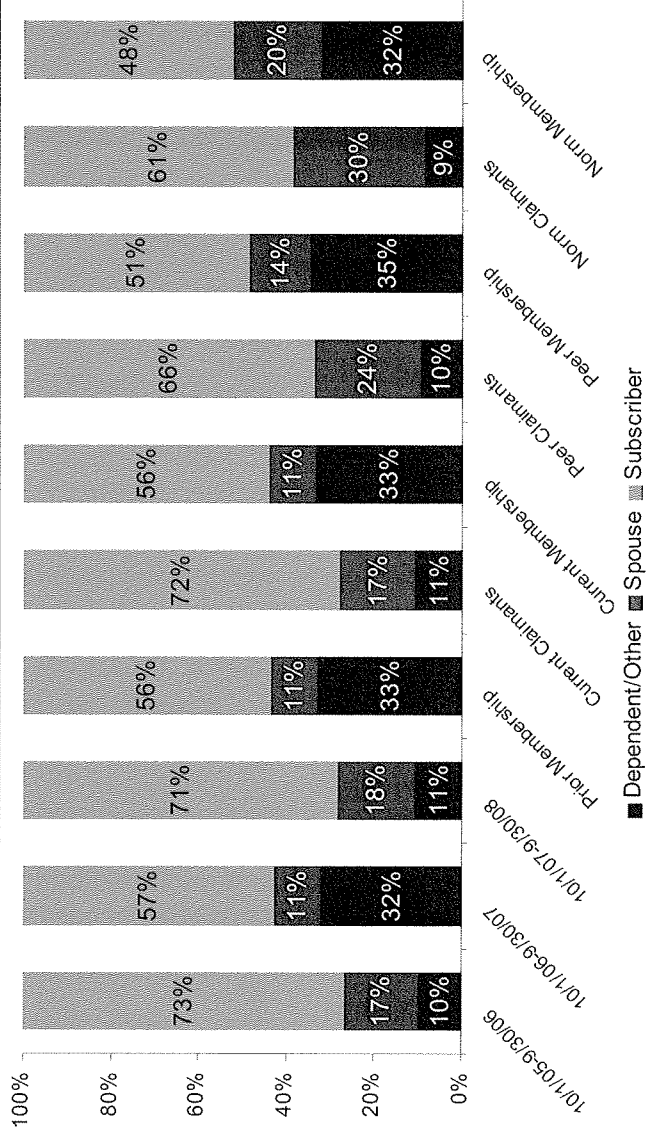
# Solution Opportunity:

Back Pain



## Prevalence higher in Employees AND Dependents

Relationship	Claimants per 1,000						Peer	Variance	Norm	Variance
	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	10/1/07-9/30/08	3 Year % Change	25.6				
Dependent/Other	33.7	34.9	38.1	38.1	13%	25.6	49%	26.6	43%	
Spouse	172.5	179.8	185.4	185.4	7%	160.4	16%	151.1	23%	
Subscriber	139.9	138.2	149.8	149.8	7%	119.1	26%	128.3	17%	
Total	109.1	108.7	116.5	116.5	7%	92.4	26%	100.0	16%	





# Solution Opportunity:

Back Pain



## Each plan has significant variation from Peer and Norm

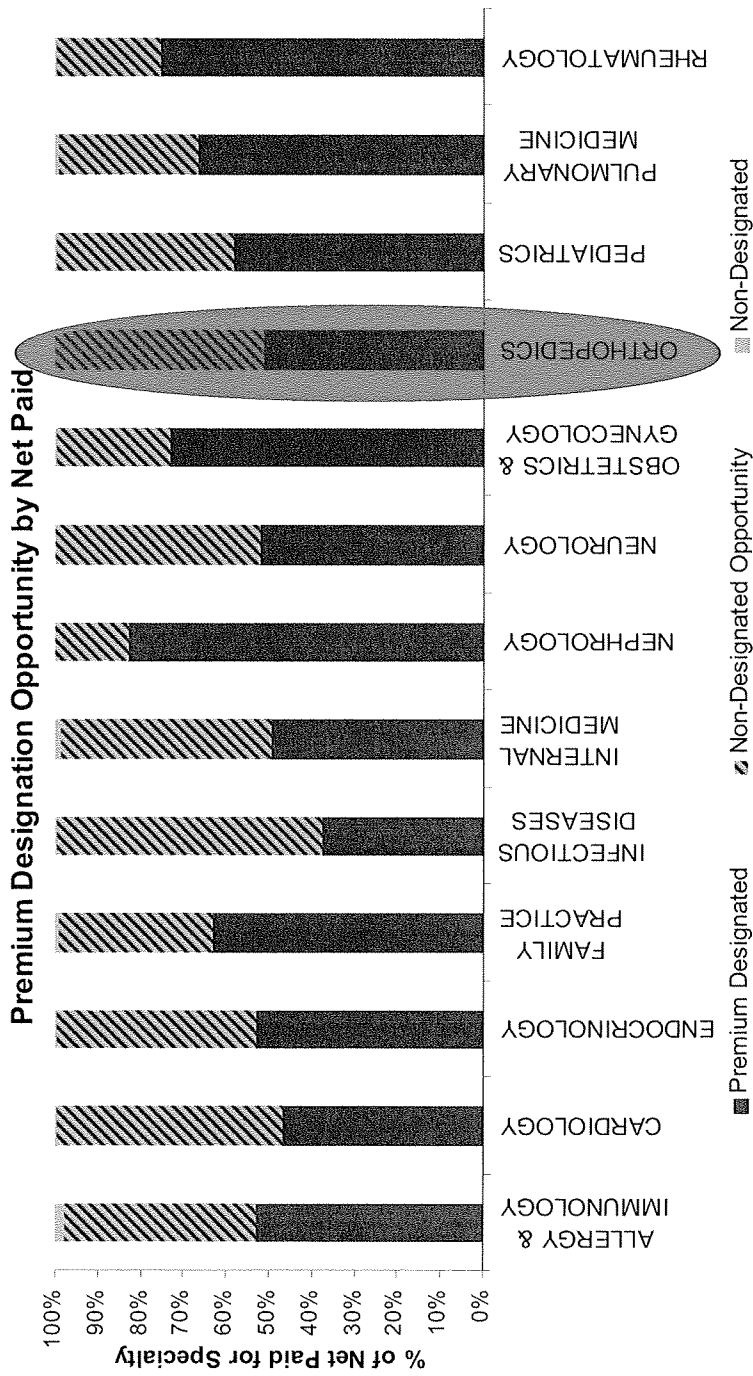
Diagnosis	10/1/05-9/30/06				10/1/06-9/30/07				10/1/07-9/30/08				Change			
	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	Change	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	Change	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	Change	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	Change
Intervertebral Disc Disorders	109.1	108.7	116.5	7%	134.2	109.3	112.2	92.4	26%	100.0	16%	92.4	26%	100.0	16%	

# Solution Opportunity:

Back Pain



**50% of orthopedic physician services were provided by non-designated physicians; variation between non-designated & designated Orthopedist is approximately 29%**



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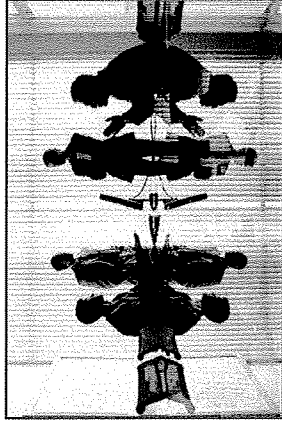
# Solution Opportunity:

## Back Pain



### Potential Solution Interventions:

- **Education about the condition**
- Communication Resource Center - Back Pain Tool Kit
- Custom Wellness Program: Low Back Pain
- Partner with vendor to conduct low back pain health fair
- **Smoking negative effect on back pain**
- **Education about programs**
- Premium Designation Program – orthopedics, primary care
- Hospital compare tool for spine and joint care
- **Opportunities for the group to consider:**
- Weight Loss Program for Management of Back Pain
- Exercise Program to Prevent Back Injury
- Ergonomics review and training
- Review worker's compensation claims
- Review company safety policies and practices
- **Benefit considerations:**
- Treatment Decision Support - includes support for back pain
- Incent Premium Designation
- Review out of network chiropractic and therapy benefit



# Solution Opportunity: Mental Health

# Solution Opportunity:

## Mental Health



40

- Prevalence of mental health, depression, and anxiety one-third higher than Peer.
- Depression Allowed PMPM 63% higher than Peer, while Mental Health Allowed PMPM is 42% higher, and Anxiety is 77% higher.
- Mental Health and Depression can have a significant impact on severity, treatment, and cost of other diagnoses

\* Age/gender specific expected costs compared to actual costs

# Solution Opportunity:

## Mental Health



Metric	Mental Health Metrics					Peer	Variance	Norm	Variance
	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	Change					
Claimants per 1,000	111.0	102.1	100.4	-2%	83.0	21%	95.9	5%	
Medical Allowed PMPM	\$5.99	\$6.77	\$7.51	11%	\$5.28	42%	\$6.33	19%	
Annual Cost per Claimant	\$648	\$796	\$898	13%	\$763	18%	\$792	13%	
% High Cost	4%	3%	9%	6%	10%	0%	9%	0%	
IP Admissions per 1,000	3.5	4.5	5.2	16%	3.7	43%	3.2	61%	
Claimants per 1,000	34.9	30.0	33.3	11%	24.4	36%	27.6	24%	
Medical Allowed PMPM	\$2.26	\$2.88	\$3.47	20%	\$2.12	63%	\$2.16	61%	
Annual Cost per Claimant	\$777	\$1,151	\$1,248	8%	\$1,042	20%	\$937	33%	
% High Cost	4%	2%	12%	10%	4%	9%	7%	5%	
IP Admissions per 1,000	2.0	2.8	3.6	30%	2.3	57%	1.7	112%	
Claimants per 1,000	32.6	27.7	27.8	0%	21.2	31%	26.7	4%	
Medical Allowed PMPM	\$0.92	\$1.07	\$0.97	-9%	\$0.55	77%	\$0.98	-1%	
Annual Cost per Claimant	\$339	\$461	\$420	-9%	\$311	35%	\$442	-5%	
% High Cost	4%	5%	7%	2%	3%	3%	2%	4%	
IP Admissions per 1,000	0.2	0.3	0.4	42%	0.1	407%	0.1	262%	
Psychostimulants/Antidepressants	889.3	883.8	861.0	-3%	683.9	26%	735.8	17%	

# Solution Opportunity:

Mental Health



**6.4% of those using ER do so 3 or more times/year & 3 of the top 10 ER diagnoses are seen most frequently in un-treated or under-treated anxiety disorders**

# of ER Visits	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	3 Year % Change	Peer	Variance	Norm	Variance
1 - 2	95.8%	93.6%	93.4%	-2.3%	94.0%	-0.6%	94.2%	-0.7%
3 - 5	3.6%	6.1%	6.1%	2.5%	5.3%	0.8%	5.3%	0.8%
6 - 10	0.4%	0.2%	0.3%	0.0%	0.7%	-0.3%	0.5%	-0.1%
11+	0.3%	0.1%	0.2%	-0.1%	0.1%	0.1%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	

Diagnosis	Emergency Room Events per 1,000 by Diagnosis						Peer	Variance	Norm	Variance
	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	3 Year % Change	8.5	9.3				
Abdominal pain	10.1	12.5	14.7	46%	8.5	74%	9.3	58%		
Nonspecific chest pain	10.3	13.1	10.5	2%	8.7	21%	7.7	35%		
Headache, including migraine	5.4	6.8	7.2	34%	5.3	34%	5.8	24%		



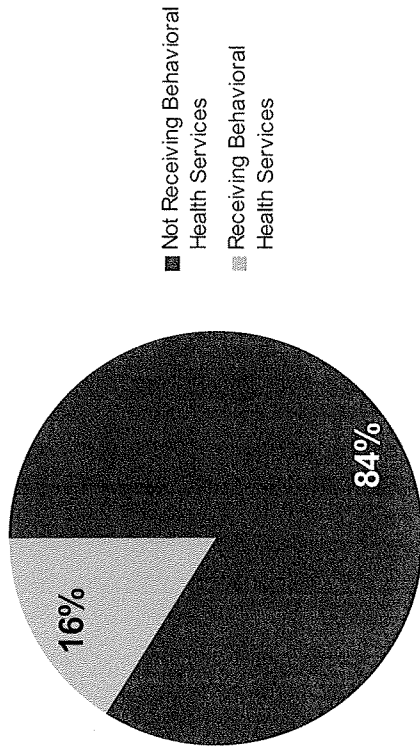
# Solution Opportunity:

## Mental Health



**84% of those on either antidepressants and/or anxiolytics are receiving no behavioral health services which included monitoring of those medications' effectiveness**

Members on Antidepressants or Anxiolytics





# Solution Opportunity:

## Mental Health



- Half of postpartum depression cases are not recognized by primary care physicians
- Prevalence of major depression in patients with chronic low back pain is 3-4 times greater than in the general population
- Presence of preoperative depression in patients undergoing lumbar discectomy was predictive of poorer surgical outcome at 1 year follow up
- Outpatient health care costs are 50-100% higher for those with untreated depression
- In patients with rheumatoid arthritis, depressive symptoms were significantly associated with negative health & functional outcomes as well as increased health services utilization
- A linear relationship has been demonstrated between lifetime depression and anxiety disorders and the number of medically unexplained symptoms including pain complaints

# Solution Opportunity:

## Mental Health



### Potential Solution Interventions:

- Mental health seminars & presentations
- Educate regularly employees on EAP and mental health benefits and how to access those benefits
- Provide links to and/or hard copy resources for employees to access about depression, anxiety and appropriate treatment
- October is the National Depression & Mental Health Awareness Month. Consider teaming up with local organizations to kick off your program
  - General facts: [www.nmha.org](http://www.nmha.org)
  - In Spanish: [www.nmha.org/go/en-espanol](http://www.nmha.org/go/en-espanol)
  - Screening Sources: [www.mentalhealthscreening.org](http://www.mentalhealthscreening.org)
- Use of Communication Resource Center
  - Calendar focusing on stress/depression reduction with health promotion
  - Articles



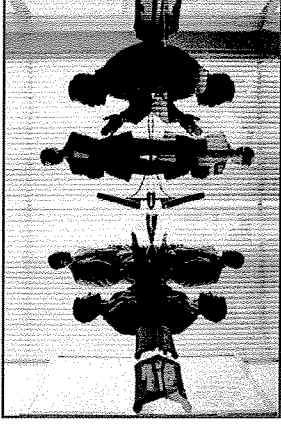
# Questions?



***We truly value our partnership with  
Travis County, Thank You!***



# Appendix



# Solution Opportunity: Emergency Room & Urgent Care Utilization

# Solution Opportunity:

## Emergency Room & Urgent Care Utilization



**Urgent care usage up dramatically however ER utilization continues to rise and significantly higher than peer**

	10/1/05- 9/30/06	10/1/06- 9/30/07	10/1/07- 9/30/08	3 Year % Change	Peer	Variance	Norm	Variance
Emergency Room	204.6	206.3	213.2	4%	164.1	30%	181.3	18%
Urgent Care	20.8	35.6	64.6	210%	106.7	-39%	75.0	-14%

Emergency Room Metrics								
	10/1/05- 9/30/06	10/1/06- 9/30/07	10/1/07- 9/30/08	3 Year % Change	Peer	Variance	Norm	Variance
Net Paid Per Visit	\$616	\$835	\$964	56%	\$875	10%	\$727	33%
Net Paid PMPM	\$10.51	\$14.35	\$17.12	63%	\$11.96	43%	\$10.98	56%
Total Events	1,337	1,421	1,548	16%	NA	NA	NA	NA

	10/1/05- 9/30/06	10/1/06- 9/30/07	10/1/07- 9/30/08	3 Year % Change	Peer	Variance	Norm	Variance
# of ER Visits								
1 - 2	95.8%	93.6%	93.4%	-2.3%	94.0%	-0.6%	94.2%	-0.7%
3 - 5	3.6%	6.1%	6.1%	2.5%	5.3%	0.8%	5.3%	0.8%
6 - 10	0.4%	0.2%	0.3%	0.0%	0.7%	-0.3%	0.5%	-0.1%
11+	0.3%	0.1%	0.2%	-0.1%	0.1%	0.1%	0.1%	0.1%
Total	100.0%	100.0%	100.0%		100.0%		100.0%	

# Solution Opportunity:

## Emergency Room & Urgent Care Utilization



Circled diagnoses highly suggestive of untreated or under-treated anxiety &/or depression

Emergency Room Events per 1,000 by Diagnosis								
Diagnosis	10/1/05-9/30/06	10/1/06-9/30/07	10/1/07-9/30/08	3 Year % Change	Peer	Variance	Norm	Variance
Abdominal pain	10.1	12.5	14.7	46%	8.5	74%	9.3	58%
Sprains & strains	15.9	10.6	12.9	-19%	11.0	18%	11.5	13%
Superficial injury, contusion	12.4	9.9	11.6	-7%	8.2	41%	9.7	19%
Nonspecific chest pain	10.3	13.1	10.5	2%	8.7	21%	7.7	35%
Other upper respiratory infect	7.5	9.3	9.4	25%	7.5	25%	11.1	-16%
Skin & subcutaneous tissue infect	7.2	4.8	8.0	11%	4.4	80%	4.2	90%
Headache, including migraine	5.4	6.8	7.2	34%	5.3	34%	5.8	24%
Open wounds of extremities	10.4	6.7	7.2	-31%	5.6	28%	6.2	16%
Open wounds of head, neck, trunk	7.3	5.4	7.2	-3%	4.7	51%	5.4	34%
Other injuries & cond due to external causes	4.1	5.5	6.9	67%	4.1	68%	4.8	45%

Tan shading best treated at lower levels of care



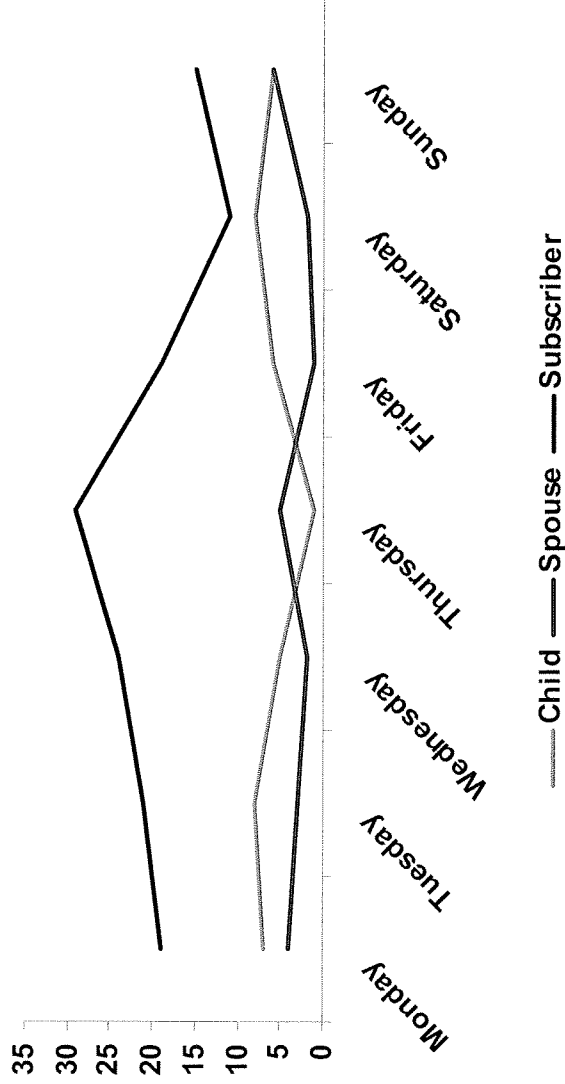
# Solution Opportunity:

## Emergency Room & Urgent Care Utilization



Day of week	Child	Spouse	Subscriber	Grand Total	%
Monday	7	4	19	30	15%
Tuesday	8	3	21	32	16%
Wednesday	5	2	24	31	15%
Thursday	1	5	29	35	17%
Friday	6	1	19	26	13%
Saturday	8	2	11	21	10%
Sunday	6	6	15	27	13%
Grand Total	41	23	138	202	100%

Usage pattern is higher mid-week than weekend



# Solution Opportunity:

## Emergency Room & Urgent Care Utilization



### Non-emergent conditions being seen in emergency room

**Almost \$67,000**

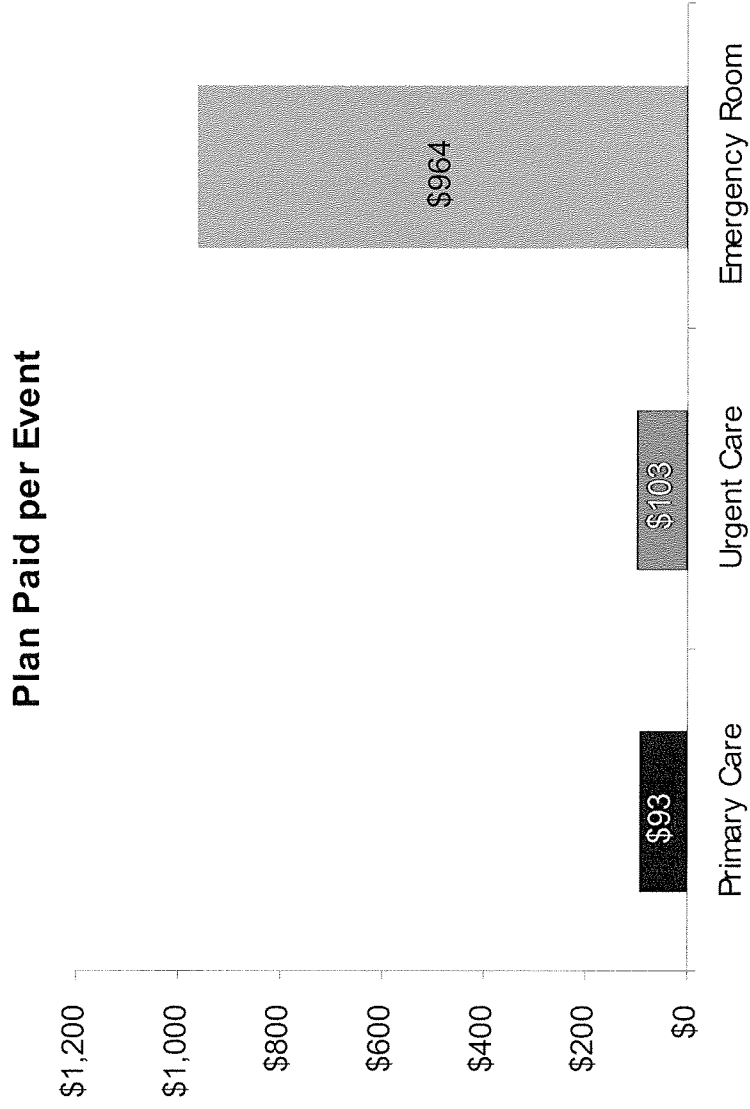
ICD9 Code	Diagnosis	Events for Members		Net Paid for Members	
		Total	Total	Total	Total
4659	Acute Uris Of Unspecified Site	21	\$	11,946	
53550	Uns Gastrit&Gastroduodit No Hemorr	12	\$	8,771	
462	Acute Pharyngitis	17	\$	7,461	
7242	Lumbago	8	\$	6,358	
55090	Inguinal Hernia Unilateral/Uns	2	\$	6,114	
4871	Flu W/Oth Respiratory Manifests	8	\$	5,717	
53500	Acute Gastritis W/O Mention Hemorr	3	\$	4,690	
7245	Unspecified Backache	8	\$	4,542	
7862	Cough	4	\$	2,707	
0340	Streptococcal Sore Throat	6	\$	2,373	
490	Lymphocytic Choriomeningitis	4	\$	1,496	
37200	Unspecified Acute Conjunctivitis	2	\$	775	
1274	Enterobiasis	1	\$	675	
6268	Oth D/O Mens Abn Bleed Fe Gnt Tract	1	\$	594	
37230	Unspecified Conjunctivitis	1	\$	500	
4554	External Thrombosed Hemorrhoids	1	\$	360	
61610	Unspec Vaginitis&Vulvovaginitis	1	\$	313	
37205	Acute Atopic Conjunctivitis	1	\$	260	
46400	Acute Laryngitis W/O Mention Obst	1	\$	166	
37239	Other&Unspecified Conjunctivitis	1	\$	32	

# Solution Opportunity:

## Emergency Room & Urgent Care Utilization



### Non-emergent conditions treated at various levels of care with associated costs



# Levels of Immediate Care



## What a Sore Throat Could Cost You...



Health Care Choice	Copay*	Retail Price	Average Length of Visit
Emergency room	\$125	\$328	3 hours
Urgent-care clinic	\$35	\$130	1 to 1 1/2 hours
Doctor's office	\$20	\$122	1 hour
Retail clinic	\$20	\$69	Less than 30 minutes
Web visit	\$20	\$30	5 minutes
Telephonic Visit	\$0	\$0	< 5 Minutes
Company clinic	\$0	\$0	Less than 30 minutes

\*The choices listed may or may not be a covered benefit. Always check with your employer's benefit plan to verify what is covered before utilizing services/

**Source notes: Doctor's office doesn't include wait to get an appointment. Web visit doesn't include wait for response. Lab costs may also apply to any of the in-person visits above – CNN Money "Your Doctor is in aisle four" – 12/30/08**

# Solution Opportunity:

## Emergency Room & Urgent Care Utilization



### Potential Solution Interventions:

- Incent optimal ER Utilization through co-pay
- NurseLine to reduce ER utilization
- Urgent Care Education
- Promote Use of Urgent Care
- Convenience Care Clinic education
- Promote Use Convenience Care Clinics

# **Attachment A**

## **Travis County Employee Health Benefits Fund FY08 Achievements**

**EMPLOYEE HEALTH BENEFITS FUND**  
**And**  
**WELLNESS PROGRAM FY 2008 ACHIEVEMENTS**

√√√ Attached is a list of major achievements and accomplishments √√√  
spanning Plan Years 2008 and continuing on into Plan Year 2009.

**Prescription Drug Program –**

- ⇒ Added prescription drugs to the Stop Loss coverage. Doing so hedged the expense of high dollar biotech drugs.
- ⇒ Developed Medicare Part D rebate guide to apply for reimbursement,
  - Plan Year 2006 rebate amount was \$133,000 and,
  - Plan Year 2007 rebate amount was \$140,000
  - Plan Year 2008 is being processed
- ⇒ Diabetic supplies paid at 100%
- ⇒ Partnered with UHC to use Specialty Drug Discount for costly biotech drugs
  - Biotech drugs have a cost that ranges from \$1,000 - \$7,000 per dose or per month.
  - Thus far in Plan Year 2009 there are seven claims for biotech drugs compared to 15 for the entire plan year of 2008

**Health Benefits –**

- ⇒ Colonoscopy covered at 100% as an incentive to have this unpopular but life saving diagnostic test shows

Monthly Ave. Oct. – Dec.	Number of Claimants	Number of Procedures
2007	59	98
2008	79	139
Increase	34%	42%

- ⇒ Preserved benefits with no increase in premiums from Plan Year 2007 to Plan Year 2008 and in 2009.

- ⇒ Plan Year 2008 medical trend after adjusting for three high dollar claims was **1.2%**
- ⇒ UHC onsite representative established rapport with employees who contact her directly to resolve issues. This prevents escalation of issues when they are resolved quickly.

#### Wellness Programs –

- ✱ Negotiated membership agreement with 24 Hour Fitness Center for employees, retirees and dependents. Current enrollment is 300 employees plus dependents
- ✱ Semi-annual RunTex/Travis County Walking Program prepares participants to enter the Brown Santa 5k in December and the Governor's Texas Relay in April. RunTex coaches lead walking group for an 8-10 week session
- ✱ Programs to encourage weight loss that includes Weight Watchers, Travis County's 1000 Challenge where the goal was to enroll 100 members who pledge to lose 10 pounds each over three months
- ✱ Alternate program to the 1000 Challenge was the Virgin Health Miles program where individuals and groups competed against each other to see who was more active and who lost the most weight. Pedometers were given to 118 enrollees who downloaded their activities into Virgin Life's web system for tracking purposes.
- ✱ Received 2008 Best Practices Award for 'Exceptional Delivery of Services' for the Employee Wellness and Health Clinic.



## Travis County Sheriff's Office (TCSO) –

- ⊕ TCSO required support for their Fitness for Duty program for all law enforcement and corrections officers. Clinic staff designed a program that coordinates education class on health, nutrition and fitness.
- ⊕ Clinic physicians or invited guest speakers from Austin Heart, Travis County Extension Agency, and the University of Texas offer weight management and Body Mass Index (BMI) screening, and conduct health classes. Three back-to-back one-hour classes are held every third Friday in the afternoon.
- ⊕ Another component of the program is pre-employment and annual physical exams, as well as health screenings. Clinic staff organized a scheduling process that has worked to meet an efficient method of accomplishing these tasks as opposed to using private clinics.

*(Wellness and Health Clinic report will be presented separately)*

## Other Accomplishments –

- ◆ Developed a budget proposal and received Commissioners Court approval of for,
  - A Wellness and Health Clinic medical director,
  - Support staff consisting of a registered nurse and medical assistant, and
  - Construction of a new Wellness and Health Clinic located in Del Valle replacing a 490 square foot (sf) clinic with a more functional 1,500 sf clinic.

This represents the major accomplishments and achievements.

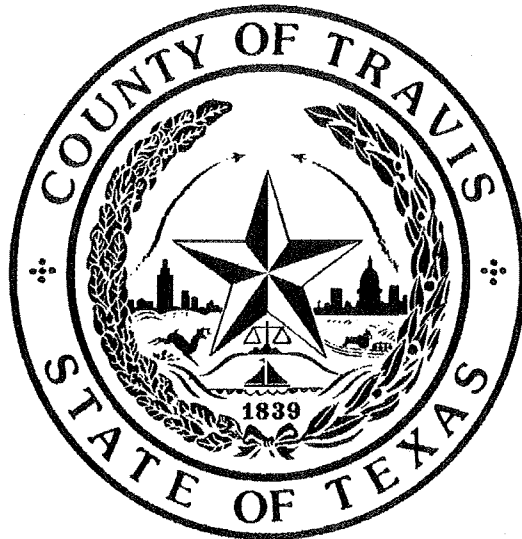
**FY09**  
**1<sup>st</sup> Quarter Work Plan**

**TRAVIS COUNTY**

**EMPLOYEE HEALTH BENEFITS FUND**

**QUARTERLY REPORT**

**For the Three Months Ended December 31, 2008**



**Presented to**

**Travis County Commissioners Court**

**By**

**Administrative Operations  
Human Resources Management Department**

**Fiscal Year 2009**

**EXECUTIVE SUMMARY  
TRAVIS COUNTY HEALTH BENEFIT PLAN  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2008**

***Contributions and Claims***

***Health Fund Contributions***

Contributions for participants through December 31, 2008 are as follows:

	<u>EPO</u>	<u>PPO</u>	<u>CO-EPO</u>	<u>TOTAL</u>
Active Employees Contr.	\$537,622	600,002	213,397	1,351,021
County Contr. – Actives	1,764,974	4,743,289	956,745	7,465,008
Retirees' Contribution	58,339	104,908	18,008	181,255
County Contr. – Retirees	-	-	-	-
COBRA Contribution	<u>1,334</u>	<u>5,528</u>	<u>3,656</u>	<u>10,518</u>
<b>Totals</b>	<b>\$2,362,269</b>	<b>5,453,727</b>	<b>1,191,806</b>	<b>\$9,007,802</b>

***Health Fund Claims***

Claims reimbursed for the fiscal year to date:	\$8,062,753
Reimbursements requested, not yet paid:	\$1,249,112
Total (Claims Paid by UHC)	<hr/> \$9,311,865
Claims attributable to FY2008, paid in FY2009	(\$1,507,514)
<b>Total Paid Claims FY 2009</b>	<hr/> <b>7,804,351</b>
Addition to claims incurred but not reported (IBNR)	\$0.00
Addition to other post-employment benefits (OPEB) liability	\$0.00
<b>Total incurred claims FY 2009</b>	<hr/> <b>\$7,804,351</b>

**The contingency reserve (net assets balance) was \$27,865,731; an increase of \$783,939 for the three months ended December 31, 2008.**

**A total of 7,996 participants were enrolled as of December 31, 2008; 4,502 members plus 3,494 dependents.**

See attached financial statements.

Travis County, Texas  
 Statement of Net Assets  
 Proprietary Fund  
 Employee Health Benefit Fund  
 December 31, 2008

Assets	Internal Service Fund	Description
<b>Current assets:</b>		
Pooled cash	\$ 38,869,341	The Hospital Fund's share of Travis County's invested cash.
Cash in Bank - Bank One	\$ 140,385	The Hospital Fund's share of Travis County's invested cash.
Other receivables	84,975	
Prepaid items	5,139	
Other assets	1,938,718	Privilege account for UHC to pay claims as they are incurred.
<b>Total current assets</b>	<b>41,038,558</b>	
<b>Noncurrent assets:</b>		
Property, plant, and equipment	29,175	
Less accumulated depreciation	(11,859)	
<b>Total Noncurrent Assets</b>	<b>17,316</b>	
<b>Total assets</b>	<b>41,055,875</b>	
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Deferred revenue	2,966,084	County and employees' premiums collected this month which represent a portion of premiums for future coverages.
Accrued and other liabilities	99,226	
OPEB		
Unreimbursed claims	4,860,000	Liability for post employment benefits other than pension, retiree health benefits
Claims incurred but not paid	806,849	Reimbursement requests that have been received by TC from UHC, but haven't been paid.
Claims incurred but not reported	442,263	Claims that UHC has paid, but reimbursement from TC has not yet been requested.
Claims and judgements	3,968,290	Per the actuary.
Compensated absences	10,077,402	Sum of unreimbursed, incurred not yet paid, and incurred not yet reported claims.
<b>Total current liabilities</b>	<b>23,849</b>	
<b>Noncurrent Liabilities</b>	<b>13,166,561</b>	
Compensated absences	23,582	
<b>Total noncurrent liabilities</b>	<b>23,582</b>	
<b>Total liabilities</b>	<b>13,190,143</b>	
<b>Net Assets</b>		
Invested in capital assets		
Beginning net assets balance:	27,081,792	
Change in net assets, year to date	783,939	
Invested in capital assets	(17,316)	
Unrestricted	27,848,415	
<b>Total net assets</b>	<b>\$ 27,865,731</b>	

See Notes to Financial Statements

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Travis County, Texas  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
 Proprietary Fund  
**Employee Health Benefit Fund**  
 For The Three Months Ended December 31, 2008

	Internal Service Fund ACTUAL	3 MONTHS OF FY 2009		FY 2009 BUDGET	ACTUAL AS A % OF FY 2009 BUDGET
		BUDGET			
<b>Operating revenues:</b>					
Insurance premiums - county	\$ 7,465,008	7,474,407		29,897,628	25%
Total insurance premiums - county	7,465,008	7,474,407		29,897,628	25%
Insurance premiums - employee *	1,542,794	1,603,759		6,415,036	24%
Total insurance premiums	9,007,802	9,078,166		36,312,664	25%
Miscellaneous revenue	243,417	112,500		450,000	54%
Total operating revenues	9,251,219	9,190,666		36,762,664	25%
<b>Operating expenses:</b>					
Health claims	7,804,352	9,208,092		36,832,367	21%
Third party administration fees	510,953	547,149		2,188,597	23%
Total incurred losses	8,315,305	9,755,241		39,020,964	21%
Stop loss premiums	521,627	513,986		2,055,942	25%
Professional services	10,495	100,719		402,876	3%
Depreciation expense	-	567		2,268	0%
County administration	536,395	420,852		1,683,407	32%
Total operating expenses	9,383,822	10,791,364		43,165,457	22%
Operating income (loss)	(132,603)	(1,600,698)		(6,402,793)	
<b>Nonoperating revenues:</b>					
Investment income	916,542	180,000		720,000	127%
Total non-operating revenues	916,542	180,000		720,000	127%
Income (loss) before transfers	783,939	(1,420,698)		(5,682,793)	
Total net assets - beginning	27,081,792	27,081,792		27,081,792	
Total net assets - ending	\$ 27,865,731	25,661,094		21,398,999	

See Notes to Financial Statements

\* Includes COBRA and retiree contributions.

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**Travis County, Texas**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Employee Health Benefit Fund**  
**For The Three Months Ended December 31, 2008**

	Internal Service Fund ACTUAL
Cash received from premium revenues - county	\$ 9,988,455
Cash received from budgeted premiums in General fund for slots which were unfilled	-
Total cash received from premium revenues - county	9,988,455
Cash received from premium revenues - employees	1,544,306
Total cash received from premium revenues	11,532,761
Cash received from insurance proceeds and rebates	243,417
Cash paid for self-insured claims and loss adjustments	(8,573,707)
Cash paid for other operating expenses	(828,222)
Cash paid for payroll	(225,093)
Cash paid to claims administrator	-
Net cash provided (used) by operating activities	\$ 2,149,156
UHC privilege account	
Interest received	444,145
Increase (decrease) in fair value of investment in pooled cash	715,184
Net cash provided (used) by investing activities	1,159,329
Net increase (decrease) in balance	3,308,485
Balance--beginning of the period	35,701,241
Balance--end of the period	\$ 39,009,726

140,385

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating income	(132,603)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation Expense	1,512
(Increase) decrease in other receivables	2,570
(Increase) decrease in prepaid items	-
(Increase) decrease in other assets	-
Increase (decrease) in claims and judgements	(258,402)
Increase (decrease) in payables, accrued and other liabilities	2,536,079
Net cash provided (used) by operating activities	\$ 2,149,156

UHC privilege account  
No judgements in Hospital and Insurance Fund

See Notes to Financial Statements

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Travis County, Texas  
 Detail of Contributions and Claims  
 Proprietary Fund  
 Employee Health Benefit Fund  
 For The Three Months Ended December 31, 2008

	Actives	Retirees	COBRA's	Total	EPO Members	Retirees	COBRA	Total
EPO contributions - members	537,622	58,339	1,334	597,295	945	128	1	1,074
EPO contributions - county	1,764,974	-	-	1,764,974	601	56	1	658
Total EPO contributions	2,302,596	58,339	1,334	2,362,269	1,546	184	2	1,732
EPO Claims	1,845,179	491,993	21,126	2,358,298				
Difference	457,417	(433,654)	(19,792)	3,971				
Less: TPA admin fees	(115,547)	(12,459)	(427)	(128,433)				
Stop Loss Premiums	(181,145)	(19,533)	(669)	(201,346)				
Net	160,725	(465,646)	(20,888)	(325,808)				

	Actives	Retirees	COBRA's	Total	CEPO Members	Retirees	COBRA	Total
CEPO contributions - members	213,397	18,008	3,656	235,061	519	74	2	595
CEPO contributions - county	956,745	-	-	956,745	910	35	3	948
Total CEPO contributions	1,170,142	18,008	3,656	1,191,806	1,429	109	5	1,543
CEPO Claims	752,928	218,698	3,952	975,588				
Difference	417,214	(200,690)	(306)	216,218				
Less: TPA admin fees	(53,160)	(6,946)	(284)	(60,390)				
Stop Loss Premiums	(50,169)	(6,555)	(268)	(56,992)				
Net	313,884	(214,192)	(857)	98,836				

	Actives	Retirees	COBRA's	Total	PPO Members	Retirees	COBRA	Total
PPO contributions - members	600,002	104,908	5,528	710,438	2,556	267	5	2,828
PPO contributions - county	4,743,289	-	-	4,743,289	1,805	80	1	1,886
Total PPO contributions	5,343,291	104,908	5,528	5,453,727	4,361	347	6	4,714
PPO Claims	3,951,298	483,742	35,426	4,470,466				
Difference	1,391,993	(378,834)	(29,898)	983,261				
Less: TPA admin fees	(286,283)	(35,192)	(655)	(322,130)				
Stop Loss Premiums	(233,990)	(28,764)	(535)	(263,289)				
Net	871,720	(442,790)	(31,088)	397,842				

	Actives	Retirees	COBRA's	Total	ALL Members	Retirees	COBRA	Total
ALL contributions - members	1,351,021	181,255	10,518	1,542,794	4,020	474	8	4,502
ALL contributions - county	7,465,008	-	-	7,465,008	3,316	173	5	3,494
Total ALL contributions	8,816,029	181,255	10,518	9,007,802	7,336	647	13	7,996
ALL claims	6,549,405	1,194,433	60,514	7,804,352				
Difference	2,266,624	(1,013,178)	(49,996)	1,203,450				
Less: TPA admin fees	(454,990)	(54,598)	(1,365)	(510,953)				
Stop Loss Premiums	(465,304)	(54,852)	(1,472)	(521,627)				
Net	1,346,330	(1,122,627)	(52,833)	170,870				

	Net contributions over claims, TPA fees, and stop loss premiums
Vacant slot revenue	170,870
Other revenue	243,417
County administration (including consulting)	(546,890)
Depreciation expense	-
OPEB	-
Investment income	916,542
Year to date change in net assets	783,939

See Notes to Financial Statements

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**TRAVIS COUNTY, TEXAS  
EMPLOYEE HEALTH BENEFIT FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**Accounting Policies**

These financial statements are presented on the accrual basis of accounting. "Accrual basis" means that revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Self Funded Health Insurance**

The Travis County Hospital and Insurance Fund – County Employees (Hospital and Insurance Fund) is a self-insured health plan established October 1, 2001. This arrangement gives Travis County the advantage of paying less if claims are less than premiums would have been to a private insurance carrier.

Travis County has a third-party-administration agreement with United HealthCare (UHC) for administering the payment of the claims incurred by the plan participants. Under this agreement, a privilege account has been set up at Chase Bank with funding of \$1,373,675 from Travis County. UHC pays the claims with checks from this account, and then requests reimbursement from Travis County each week to replenish the funds. UHC is responsible for auditing the claims submitted by health care providers for legitimacy under the rules stated in the summary plan description before paying them. Travis County Human Resources Management Department (HRMD) staff audit the work of UHC to increase the confidence that only legitimately incurred claims of registered participants are being paid.

Travis County has also contracted with UHC for Stop-Loss coverage. Under this agreement, if an individual health claim exceeds \$175,000\* or if aggregate claims in a month exceed \$3.2 million\*\*, UHC will pay the excess. There were twelve claims that exceeded individual stop loss of \$175,000 in fiscal year 2008, fifteen claims that exceeded individual stop loss of \$150,000 in fiscal year 2007, fifteen in fiscal year 2006, twenty individual stop loss claims that exceeded \$125,000 in fiscal year 2005, nineteen in fiscal year 2004, seven in fiscal year 2003, and five in fiscal year 2002. Settled claims have not exceeded the aggregate stop loss in the past seven years. There has been no significant reduction in coverage from the prior year.

Travis County's contracted actuary projected the claims incurred but not reported (IBNR) at September 30, 2008 to be \$3,968,285, an increase of \$493,984, over the previous amount booked of \$3,474,306.

Travis County recognized an OPEB liability (other post-employment benefits other than pensions) for the first time in FY '08. The liability of \$4,860,000 represents an estimate of retiree health claims for FY '09. OPEB is approved by Travis County Commissioners Court on a year-to-year basis during the annual budget process.

**Year to Date Health Claims:**

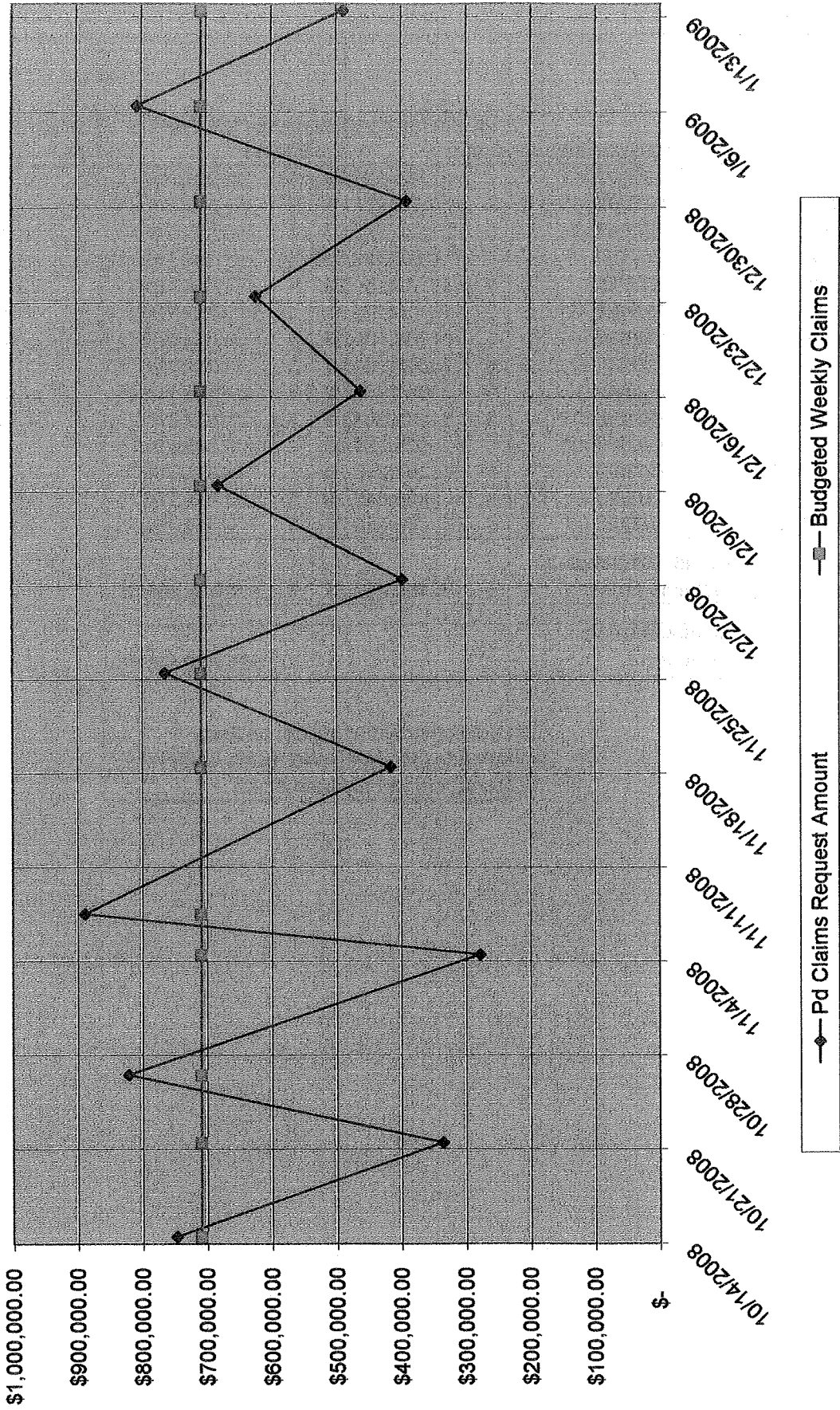
Claims reimbursed by Travis County to UHC year to date:	\$8,062,753
Claims attributable to FY2008, paid in FY2009:	(1,507,514)
Claims for which reimb. has been requested, but not yet paid:	806,849
Portion of this period's claims in first reimb. of next period:	442,263
Unreimbursed Claims	<u>1,249,112</u> <u>1,249,112</u>
 Total paid claims FY 2009	 <u>\$7,804,351</u>
 Addition in this fiscal year to claims incurred but not reported (IBNR)	 <u>0</u>
 Addition in this fiscal year to OPEB liability (other post-employment benefits)	 <u>0</u>
 Total incurred claims FY 2009:	 <u>\$7,804,351</u>

\* Increased In FY '08 to \$175,000 and added Pharmacy for first time. Previous stop loss deductibles were \$150,000 in FY 's '06 and '07 and \$125,000 in FY's '02 through '05.

\*\* Approximate based on the number of plan participants.

\*\*\* Includes third party administration fees.

**TRAVIS COUNTY BENEFIT PLAN  
FY09 PAID CLAIMS vs WEEKLY CLAIMS BUDGET OF \$708,314.75**



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**TRAVIS COUNTY EMPLOYEE BENEFIT PLAN  
FY09 WEEKLY PAID CLAIMS VS WEEKLY BUDGETED AMOUNT**

Period	Voting Session Date	Pd Claims Request Amount	Budgeted Weekly Claims	# of Large Claims	Total of Large Claims
9/26/08-10/02/2008	10/14/2008	\$ 747,324.53	\$ 708,314.75	0	\$ -
10/3/08-10/09/08	10/21/2008	\$ 335,512.06	\$ 708,314.75	2	\$ 90,581.80
10/10/08-10/16/08	10/26/2008	\$ 821,392.23	\$ 708,314.75	1	\$ 27,830.00
10/17/08-10/23/08	11/4/2008	\$ 278,558.66	\$ 708,314.75	1	\$ 25,794.46
10/24/08-10/30/08	11/7/2008	\$ 889,154.23	\$ 708,314.75	3	\$ 241,152.98
10/31/08-11/06/08	11/18/2008	\$ 416,144.12	\$ 708,314.75	1	\$ 43,401.87
11/07/08-11/13/08	11/25/2008	\$ 764,495.13	\$ 708,314.75	1	\$ 25,086.80
11/14/08-11/20/08	12/2/2008	\$ 398,204.17	\$ 708,314.75	1	\$ 29,800.00
11/21/08-11/27/08	12/9/2008	\$ 681,975.72	\$ 708,314.75	0	\$ -
11/28/08-12/04/08	12/16/2008	\$ 461,401.09	\$ 708,314.75	1	\$ 52,900.00
12/05/08-12/11/08	12/23/2008	\$ 623,235.92	\$ 708,314.75	1	\$ 75,029.80
12/12/08-12/18/08	12/30/2008	\$ 391,245.55	\$ 708,314.75	1	\$ 29,333.31
12/19/08-12/25/08	1/6/2009	\$ 806,849.20	\$ 708,314.75	1	\$ 79,550.00
12/26/08-01/01/09	1/13/2009	\$ 489,510.01	\$ 708,314.75	3	\$ 231,596.70
<b>Paid and Budgeted Claims - to date</b>		<b>\$ 8,105,002.62</b>	<b>\$ 9,916,406.50</b>		
<b>Amount Under Budget</b>			<b>\$ (1,811,403.88)</b>		
<p>Not predictive of impact on reserve, intended to show relationship of weekly budget to weekly claims cost.</p>					

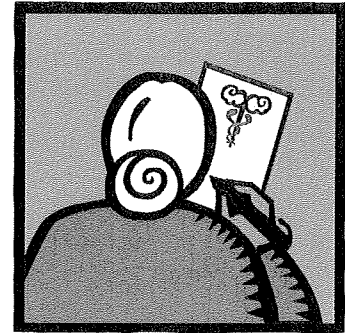
# Fiscal Year 2009 Work Plan

Fiscal Year 2009 Work Plan includes goals for group benefits, wellness programs and the health clinic. Target dates for achieving goals are set out in the Task Calendar included in this Work Plan.

## WORK PLAN

### 1. Current Employee Benefits

- ▶ Develop recommendations for annual premiums
- ▶ Determine healthcare funding & plan design changes
- ▶ Renewal negotiations for: Dental, Life, LTD, STD
- ▶ Third Party Administration negotiations for health benefits
- ▶ Frost Insurance to conduct a satisfaction survey regarding,
  - Benefits offered to employees and retirees
  - Clinic services including physician and nurse care
  - Develop method to measure clinic soft savings
  - Develop an enrollment guide that outlines all benefits
  - Develop a "Frequently Asked Questions" piece for employees
  - Develop a benefits information DVD for new employees
  - Combine the development and production of enrollment and wellness material to present a unified message and theme



### 2. Retiree Eligibility and Benefit Policy

- ❖ Present Committee recommendations on retiree health care benefits with County contributions based on tenure.
- ❖ Amendment to Chapter 175 introducing options to cover under 65 retirees

### 3. Wellness Program

- Create a quarterly calendar of wellness events for early distribution
- Negotiate membership renewal with 24 Hour Fitness
- Sponsor spring and fall RunTex walking program
- Organize Brown Santa 5K for December 6, 2009
- Coordinate with the Wellness and Health Clinic for wellness/education classes
  - o Master Gardener training on growing vegetables and grow boxes
  - o Cardio and Strengthening seminar
- Farm to Work fresh produce delivered to employee's work site
- Lunch time physical training at the clinic
- Semi-annual RunTex/Travis County Walking Program prepares participants to enter the Brown Santa 5k in December
- Create a monthly calendar to inform employees of events and speakers.
  - Model after STER's educational calendar.
  - Coordinate speakers and events with monthly dedication
    - January – Healthy Weight Loss
    - February – Healthy Heart
    - March – National Nutrition Month

## FY 2010 Planning and Budget Calendar for HRMD Related Dates

MONTH	DATE	DAY	EVENT
MARCH	09	MON	Preliminary health data sent to actuary for preparation of FY 10 health rates.
MARCH	17	TUE	Receive Preliminary FY 10 Health Plan and contribution rates changes from Actuary
MARCH	19	THUR	Benefits Committee meets to review preliminary actuary report on proposed FY 10 health care rates.
APRIL	15	WED	Final health data sent to actuary for preparation of FY 10 health rates.
APRIL	20	MON	Receive FY 10 Health Plan and contribution rates changes from Actuary
APRIL	23	THUR	Benefits Committee meets to review final actuary report on proposed FY 10 health care rates and vote on recommended changes
APRIL	30	THUR	Worksession on Employee Benefit Committee report on Proposed Plan and contribution rate changes to Employee Health Benefits Fund
MAY	12	TUES	Follow-up discussion with the Commissioners Court on employee health plan, if needed.
MAY	19	TUES	Follow-up discussion with the Commissioners Court on employee health plan, if needed.
MAY	26	TUES	Follow-up discussion with the Commissioners Court on employee health plan, if needed.
JUNE	9	TUES	HRMD has follow-up discussion with Commissioners Court on major FY 09 Compensation Issues.
JUNE	9	TUES	Human Resources Management (in consultation with PBO) distributes notice to be included with paychecks regarding employee hearing on compensation, benefits, working conditions and any budget issues. Hearing tentatively set for Wednesday, June 17. Open enrollment to be July 20 through August 21).
JUNE	17	WED	Employee public hearing to receive input on compensation and benefits issues. Start time has traditionally been at 5 PM or 6 PM.
JUNE	23	TUES	Commissioners Court approves changes to Employee Health Insurance Plan and contributions (Open enrollment to be July 20 through August 21).