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DEPARTMENT OF BUDGET AND MANAGEMENT – PERSONNEL

Testimony of David R. Brinkley Secretary

*Senate Budget and Taxation Committee
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The Department of Budget and Management (DBM) appreciates this opportunity to respond to the Department of Legislative Services' (DLS) analysis of the Personnel budget. The following testimony addresses the requests for comments in the analysis as well as the DLS recommendations.

Wellness Program Participation Increases

The wellness plan strategies for addressing diabetes in our enrolled population are as follows:

- The Wellness Program offers a waived Primary Care Provider (PCP) copay and reduced Specialist copay to members who complete a health risk assessment and a recommended screening, thus removing the economic disincentive to screening visits and treatment adherence. This practice has been associated with increased care compliance and medication adherence, which in turn is associated with better health outcomes.
- The twice-yearly (Spring and Fall) biometrics screenings include glucose screenings which provide participants the opportunity to "know their numbers" and receive health counseling on site, which may include a recommendation to seek medical follow up. This is an evidence-based practice that has been shown to improve diabetes care compliance.
- Additionally, the wellness coaching service provided through the "Make the Call, Take the Call" program supported by each medical carrier provides one-on-one confidential telephonic coaching specifically on diabetes care management as well as weight management, stress management, tobacco cessation, and chronic disease management. Once registered for wellness coaching, participants engage with a coach to set health goals, develop action steps, and receive ongoing counseling and education.

- Participation in the Diabetes Prevention Program (DPP) is now reimbursable up to \$150 per calendar year. Additionally, participation in Weight Watchers and other weight management programs are eligible for the same reimbursement.
- No-cost weight management programs are offered to members of each medical plan. The programs are evidence-based and offer telephonic coaching support and additional support for successful weight loss. In 2017, over 1,000 members participated with a documented aggregate weight loss of over 5,000 pounds.
- On-site wellness seminars on a variety of health topics, including Diabetes Awareness and Prevention classes, are offered to agencies. In 2017, the Wellness Program conducted over 300 on-site seminars.
- Monthly webinars are offered the second Thursday of each month on a variety of health topics, including Diabetes Awareness and Prevention. In 2017, over 1,200 participants registered.
- The Wellness Program website presents a monthly health promotion topic and resources (downloadable materials, podcasts) matched to the topic. Diabetes Awareness Month occurs in November, although Diabetes Awareness and Prevention seminars occur throughout the year.

Below are initiatives through the medical plans' Diabetes Care Management programs:

- The carriers identify members for Diabetes program participation through a variety of methods, including a scoring algorithm, predictive modeling, claims data, comprehensive health assessments, internal diabetes registries, program referrals, and self-referrals through the "Make the Call, Take the Call" wellness coaching program.
- Once a member is identified, a plan case manager nurse works directly with the member to develop a personal care plan that includes medication and treatment adherence and strategies to reduce unnecessary hospital admissions and emergency room visits related to diabetes complications. The plan case manager works closely and confidentially with members' primary care physicians (PCPs) to ensure that members understand recommended medical and treatment regimens.
- Diabetes care coaching, performed by diabetes management care support nurses, emphasizes discharge planning post-hospitalization to reduce re-admission, regular eye and foot exams, symptom identification, and resource referrals such as renal care and bariatric services.
- Plan care coordinators provide targeted interventions to manage co-morbidities related to diabetes, including: hypertension, obesity, dyslipidemia, and depression; prevent the onset of complications with evidence-based care that includes A1c tests, foot exams, and eye exams; and, mitigate other risks such as nephropathy and neuropathy.

DBM suggests DLS take the opportunity to visit the website to view the "Make the Call, Take the Call" video, the Diabetes Prevention Program link, and archived webinars and podcasts at <http://www.dbm.maryland.gov/benefits/Pages/WellnessHome.aspx>.

The following outlines how the Program is maximizing efforts to continue progress in all categories towards national averages.

- Continue 2018 Strategies that include biannual biometrics screenings, on-site education and seminars, weekly wellness newsletters, print resources, monthly health promotions, monthly webinars and podcasts, "Make the Call, Take the Call" wellness coaching launch, free weight management programs through carriers, reimbursement for participation in Weight Watchers and Diabetes Prevention Program.
- Continue current practice of regular targeted communications such as weekly email wellness education newsletter. Continue quarterly post card mailings on status of wellness plan activities to encourage completion. Add "Make the Call, Take the Call" wellness coaching postcard biannually.

Sexual Harassment Complaints in State Agencies

Sexual Harassment Prevention is a priority for the State of Maryland. The State of Maryland has created a statewide Sexual Harassment Policy and Procedure, which is applicable to all State employees in the executive branch. This policy can be found at <http://dbm.maryland.gov/eo/Documents/SexHarrassPolicy.pdf>.

With respect to there being an increase in sexual harassment complaints in state agencies in fiscal year 2017 (61 complaints), there is no definitive evidence to justify the increase. However, it would be reasonable to assume that the increase is due to employees heightened awareness of the topic because of widespread media coverage on the issue in calendar year 2017.

With respect to the Office of the Statewide Equal Employment Opportunity Coordinator's (OSEEOC's) action plan to reduce incidences of sexual harassment, below are proactive measures being implemented:

- The statewide Sexual Harassment Policy and Procedure was updated and reissued to all Equal Employment Opportunity Officers and Fair Practice Officers in December 2017.
- An overview on Sexual Harassment Prevention was provided at the Annual EEO/FPO meeting on Tuesday, January 30, 2018. The overview consisted of the definition of sexual harassment, types of sexual harassment, dissemination of the state sexual harassment prevention policy/procedure, complaint process and more. Thirty-seven professionals from the different state agencies attended.
- The OSEEOC is creating a Sexual Harassment Prevention training to publish on its website. The purpose of the training is for EEO Officers and FPO Officers to use it as a guide when designing their own training for their in-house employees. This training should be published to the OSEEOC website no later than Friday, March 16, 2018.
- The OSEEOC has implemented a new process to track all complaints of Sexual Harassment made by employees in-house with their respective agency. All EEO Officers and FPO Officers were informed at the Annual EEO Meeting on Tuesday, January 30, 2018 that all complaints of sexual harassment and investigative reports must be submitted to the OSEEOC. There will be close monitoring of all sexual harassment complaints to insure accurate processing.

- The quarterly EEO Connection Newsletter that was published on Friday, February 9, 2018 includes information regarding Sexual Harassment Prevention. The newsletter is on the Department of Budget and Managements, Office of the Statewide EEO Coordinators website that is accessible to the public. The newsletter can be found at <http://dbm.maryland.gov/eo/Pages/EEOHome.aspx>
- The Maryland Commission on Civil Rights is offering a Sexual Harassment Prevention Training on March 7, 2018. All state agencies EEO Officers and Fair Practice Officers are being encouraged to attend.
- The Maryland Commission on Civil Rights is offering a Sexual Harassment Prevention train-the-trainer workshop for State agencies EEO Officers and Fair Practice Officers scheduled for June 26 and June 27 2018. The purpose of this workshop is to prepare the officers to lead their own Sexual Harassment Prevention workshops in-house for their agency employees. MCCR will provide training materials, training slides and resources, as well as practical tips & tools so that the Officers are able to lead their own trainings.

Salaries for Female and African-American Employees

DBM and the rest of the Hogan-Rutherford Administration take the issue of salary gaps very seriously. To address the disparity issues, the State has expanded its current relationships with Historically Black Colleges and Universities and professional organizations and its participation in job fairs that may be sources for African-American, Latino and other diversity recruitment. Launching of the new recruitment module of the Automated Statewide Personnel System has enhanced the ability of applicants to search for employment opportunities in the State. The State continues to use the Internet, Facebook, and Twitter to share job announcements.

In addition, partnerships and alliances have been expanded with minority and disability professional organizations to engage their membership, increase networking opportunities and inform them about employment opportunities in State government. The State has also added a diversity statement to the State job application to affirm its commitment to equal employment opportunity and encourage diverse group members to apply for State positions.

From a data-driven perspective, DBM is also in the process of reviewing State personnel records in Workday to better understand where the differences lie. DBM will work with State agencies following a thorough analysis of this information to ensure that more women and minorities are hired into professional positions.

DLS has noted that the composition of the Executive Pay Plan (EPP) in FY 2017 was: White 82%; Male 61%; African American 11%; and Female 39%. The current Executive Pay Plan shows gains in the hiring of women and minorities with the following composition: White 79.6% (168); Male 61% (129); African American 12.3% (26); Female 39% (82); and All minorities 16.5% (35). Note: eight (8) individuals (or 3.7% of EPP employees) did not indicate a race.

Additional information regarding the State's efforts to address the issue of salary gaps can be found in OSEEOC's latest Annual Statewide Equal Employment Opportunity Report for Fiscal Year 2017, which can be found at <http://dbm.maryland.gov/eo/Documents/Publications/AnnualEEORReportFY2017.pdf>.

Medicare Part D Coverage Gap Elimination

The reform of retiree healthcare in 2011 was an important part of overall pension reform in the State. Moving individuals to Medicare Part D played a critical role in reducing Maryland's OPEB liability by half from \$16 billion to roughly \$8 billion. The Administration is fully supportive of the actions that were taken by the General Assembly at that time.

The Administration believes current law is the best course. Extensive communications are necessary to properly prepare employees impacted by this change. There is insufficient time to properly and thoroughly communicate this very significant change if the schedule is accelerated. DBM believes that this change may be best effectuated in the middle of the year when retirees will not be dealing with open enrollment at the same time. Maintaining the current transition time allows for the development and execution of an adequate communication plan.

DBM plans to conduct extensive communication to the impacted retirees beginning in late calendar year 2018 and throughout 2019. We expect this outreach effort to last at least six months. At this time, we are in the very early stages of that planning, but we anticipate utilizing various forms of outreach including personal assistance. We are happy to provide an outline later this calendar year once the planning is complete.

In addition, the Administration supports the continuation of prescription drug coverage for spouses and dependents of Medicare-eligible retirees and is happy to work with the General Assembly to clarify the State's policy.

State Agency Vacancy Rates / Staffing Levels / Workforce Planning

State agencies like many other employers have been facing the possibility of a mass exodus of aging workers from the workforce for years now; however, the concern about a sudden mass exodus has not materialized. Employees generally do not all retire at the same time and key employees typically give more than two weeks' notice. DBM believes that agencies should be evaluated on the outcomes they produce and not the number of staff employed. The Administration's mission is to deliver services in the most efficient and cost-effective manner and the Managing for Results Measures shows that we are being successful in that mission.

Staffing is not just a Maryland challenge; it is a national challenge. We acknowledge that we have challenges in recruitment and retention for select classifications; however, we have been responsive to these challenges through the use of Annual Salary Reviews and the use of recruitment and retention bonuses.

The FY 19 budget provides a 2% cost of living adjustment (COLA) that could be increased if general fund revenues exceed estimates (additional COLA of 0.5% and a \$500 bonus). Options for additional pay increases are limited as long as the current high level of mandated spending remains in place.

Employee and Retiree Health Insurance Account

Quarterly reports will yield little new information quarter over quarter. DBM recommends an annual report submitted by March 1 following the end of the plan year.

The recently effective PBM contract contains numerous pricing guarantees, upon which DBM can and did rely in making its budget forecast. Coupled with the lower than expected drug trend seen in the past fiscal years our projections are not overly aggressive.

DLS RECOMMENDATIONS

DBM concurs with eight of the twelve operating budget recommendations made by the analyst. The Department does not concur with recommendations 1, 2, 3, and 12, as described below. DBM also does not concur with the analyst's sole recommendation relating to the Budget Reconciliation and Financing Act of 2018.

Operating Budget Actions

Recommendation 1: Add language restricting funds until the department submits closeout information on the Employee and Retiree Health Insurance Account.

DBM Response: DBM concurs with the intent of the language; however, we oppose the restriction of \$50,000 pending the submission the report, which has generally been provided in a timely fashion.

Recommendation 2: Add budget bill language restricting funds until the Department of Budget and Management submits a report requested by the Spending Affordability Committee.

DBM Response: DBM will prepare the requested report, but respectfully requests no funding be restricted.

Recommendation 3: Adopt committee narrative requesting the Department of Budget and Management to submit quarterly reports on prescription drug utilization and costs in fiscal 2018 and 2019.

DBM Response: DBM concurs with the provision of quarterly reports but would note that significant trends in utilization patterns are more likely to be seen with an annual report. DBM respectfully requests, if the Committee does opt for quarterly reports, that the submission dates be amended from those in DLS's recommendation to September 15, December 15, March 15, and June 15, since quarterly data is submitted 60 days after the conclusion of the quarter.

Recommendation 12: Add a section that reduces statewide health insurance expenditures contingent on a budget reconciliation and financing act provision to conform elimination of Medicare-eligible retirees' prescription drug coverage with closure of the donut hole.

DBM Response: DBM respectfully disagrees with this recommendation as previously discussed in the analysis.

BRFA Actions

Recommendation 1: Adopt a provision to amend statute to eliminate State prescription drug coverage for Medicare-eligible retirees by January 1, 2019, to align with the accelerated closure of the Medicare donut hole.

DBM Response: DBM respectfully disagrees with this recommendation as previously discussed in the analysis.