PERSONNEL COMMITTEE

7/17/2013

304 E Grand River, Conference Room 4A, Howell, Michigan 48843

8:00 AM

AGENDA

1. **CALL MEETING TO ORDER**
2. **APPROVAL OF AGENDA**
3. **CALL TO THE PUBLIC**
4. **APPROVAL OF MINUTES**
   Meeting Minutes Dated: June 19, 2013
5. **APPROVAL OF CLOSED SESSION MINUTES FOR JUNE 19, 2013**
6. **REPORTS**
   Temporary Employees
   PPACA Update
   Wellness Utilization
   Blue Cross/Blue Shield Comprehensive Medical Claims Audit by Health Decisions, Inc.
7. **County Clerk Request to Increase Pay for Incumbent Employee**
8. **Discussion Regarding Holiday Work Schedule**
9. **RESOLUTIONS FOR CONSIDERATION**
10. **RESOLUTION TO PURCHASE MERS GENERIC SERVICE CREDIT BY JOEL ASH**
11. **ADJOURNMENT**

---

10 **Human Resources**
RESOLUTION TO PURCHASE MERS GENERIC SERVICE CREDIT BY JOEL ASH

MEETING MINUTES

LIVINGSTON COUNTY

JUNE 19, 2013 – 8:00 AM

ADMINISTRATION BUILDING – CONFERENCE ROOM 4A
304 E. Grand River Avenue, Howell, MI 48843

PERSONNEL SUBCOMMITTEE MEETING

☐ COMM. VANHOUTEN ☑ COMM. GRIFFITH ☑ COMM. LAWRENCE

OTHERS: CINDY CATANACH, JENNIFER PALMBOS, BOB SMITH, BELINDA PETERS, TERRY LEE, RICH MCNULTY, JEFF BOYD, KEVIN WILKINSON, TOM GREEN

1. **CALL TO ORDER**: **Meeting called to order by: Comm. Griffith at 8:00 am.**

2. **APPROVAL OF AGENDA:**

MOTION TO APPROVE THE AGENDA
MOVED BY: LAWRENCE / SECONDED BY: GRIFFITH
ALL IN FAVOR - MOTION PASSED

3. **CALL TO THE PUBLIC: None.**

4. **APPROVAL OF MEETING MINUTES of May 22, 2013:**

MOTION TO APPROVE THE FOLLOWING MEETING MINUTES MAY 22, 2013
MOVED BY: LAWRENCE / SECONDED BY: GRIFFITH
ALL IN FAVOR – MOTION PASSED

5. REPORTS:

- **William McCririe Settlement Proposal: Rich McNulty gave a quick overview of the status of William McCririe's settlement proposal.**

- **BCBS Claims Audit: Health Decisions Incorporated, who audited our BCBS claims from June 1, 2011 through January 31, 2013 is estimating $430,000 in possible recovery at this point.**

6. CLOSED SESSION: LABOR NEGOTIATIONS WITH EMS

MOTION TO RECESS TO CLOSED SESSION AT: 8:06 **AM** **MOVED BY: LAWRENCE / SECONDED BY: GRIFFITH** **MOTION PASSED**
RETURN TO OPEN SESSION AT: 8:45 **AM**

7. ADJOURNMENT

MOTIONED BY LAWRENCE / SECONDED BY GRIFFITH **TO ADJOURN AT 8:45AM** **ALL IN FAVOR – MOTION PASSED**

Respectfully Submitted,

TERRY LEE
HUMAN RESOURCES COORDINATOR

Status of Temporary Employees as of July 08, 2013

Department	Title	Reason	Rate	Start Date
Animal Control	Veterinarian	Fill in during Vet absences	55.19	12/12/2012
Animal Control	Anim.Control Asst.	Fill in during employee's absence	13.34	5/1/2013
Animal Control	Kennel Asst.	PT, Temp 19 hrs.	11.23	6/12/2013
Bldg.Inspection	Build.Inspector	2 days / week (vacations)	22.38	3/20/2013
Public Health	PH Nurse II	EmergPrep/MRSA ENDS Soon	24.46	8/13/2012
Bldg. Services	Custodian	One employee on leave; fill in for	11.23	10/16/2012
Bldg. Services	Custodian	summer vacations also.	11.23	2/7/2013
Bldg. Services	Custodian		11.23	2/5/2013
Bldg. Services	Custodian		11.23	2/11/2013
Bldg. Services	Custodian		11.23	6/26/2013
Bldg. Services	Custodian		11.23	6/26/2013
District Court	Probation Officer	Funded w/Mental Health Grant	21.15	11/27/2012
Circuit Court	Clerk	Summer Only	8.67	5/28/2013
County Clerk	Vital Rec.Clerk	Asst.front desk/$ in budget	13.34	10/29/2012
MichWorks	Adm.Asst.	Social Media / ends soon	10	10/30/2012
Veterans Affairs	Benefits Counselor	Temp 40 hrs / fill in for absence	17.28	3/7/2013

T.Lee
7/8/2013

Robert J. Smith, SPHR
Benefits Specialist
304 East Grand River Suite 205
Howell, MI 48843
517-540-8793
bsmith@co.livingston.mi.us

Livingston County
Human Resources

Memo

To: Personnel Committee

From: Robert J. Smith, SPHR

Date: June 28, 2013

Re: 2014

On July 2, 2013, the Department of Treasury (DOT) and the White House used their blogs to announce that the employer reporting requirements and the employer shared responsibility requirements (pay or play rule) are being delayed until 2015. DOT said that it will provide a formal announcement and additional details soon.

Background

The employer shared responsibility (pay or play) requirements provide that employers with 50 or more full-time and full-time equivalent employees must offer affordable, minimum value coverage to most full-time (30+ hours/week) employees or pay a penalty. That requirement was scheduled to take effect January 1, 2014, although employers that met transition requirements could delay compliance until the start of their 2014 plan year. In addition, extensive reporting was expected to be required regarding the coverage offered to employees. The blogs state that (1) the reporting requirements will be provided later this summer; (2) reporting will not be required until 2015; and (3) since it is not possible to assess or enforce employer penalties without reporting, the employer mandate also will be delayed until 2015.

What's Been Delayed

The pay or play provision requires employers with 50 or more employees to do the following to avoid penalties:

- Offer minimum essential coverage to 95% of full-time employees
  - Livingston County PPO4 plans meet or exceed essential coverage requirements.
- Offer minimum value (60%) coverage to full-time employees
  - Livingston County PPO4 plans meet or exceed essential coverage requirements.
- Offer affordable (less than 9.5% of income) coverage to full-time employees
  - Livingston County PPO4 plans meet affordability requirements.

- Consider employees who average 30 or more hours per week full-time for purposes of their health plan
    - Livingston County already provides coverage to employees who average 30 hours and determining eligibility will be much easier under the new ERP system.
- Count employees' hours worked to determine whether they average 30 or more hours per week
    - Based on our manual review of hours worked, it appears that Livingston County complies with this requirement. Meeting this requirement will also be made much easier under the new ERP system. The robust reporting processes will allow ongoing monitoring and reporting.

Because of the delay, employers will not need to meet these requirements for 2014.

What's Still Required

The delay in the pay or play requirement does not affect the insurance market reforms. This means that the requirements listed below are still scheduled to go into effect as of the start of the 2014 plan year. These requirements carry penalties of up to $100 per person per day for non-compliance:

- Waiting periods cannot be more than 90 days from the date the employee becomes eligible
    - We currently allow coverage immediately or at the first of the month following eligibility.
- All pre-existing condition limitations must be removed
    - All pre-existing condition clauses are removed for Livingston County Plans.
- The out-of-pocket maximum cannot exceed $6,350 for individual and $12,700 for family coverage
    - Our maximum out of pocket for and individual is $2,000.00 and $4,000.00 per family.
- Essential health benefits may not have annual dollar limits
    - Livingston County Plans are in compliance
- The new wellness program requirements
    - We are researching and investigating changes and modifications to enhance the wellness plan and remain in compliance with the recently released regulations.

Employers must also meet the following PPACA requirements:

- Reporting and payment of the PCORI fee by July 31, 2013, for plans ending October 1, 2012 through December 31, 2012
    - Coordination of the payment through the treasurer's office is complete.
- Providing a Summary of Benefits and Coverage (SBC) as part of open enrollment
    - SBC's are ready for distribution. Retirees and COBRA beneficiaries will receive hard copy mailings. Active employees will receive electronic notification per DOL guidelines.
- Distributing the marketplace notice, provided by the Department of Labor, by October 1, 2013
    - DOL has created a model notice which we will use at the appropriate time.
- Reporting healthcare costs on employee W-2s
    - Livingston County has reported these costs since 2012
- Paying the transitional reinsurance fee, due in January 2015
    - The cost per participant per year will be $63.00
-

What's Next

The government stated in the delay announcements that the marketplaces are still expected to begin open enrollment this fall (October). It is unclear at this point how the delay of the pay or play requirement will affect employee eligibility for subsidies. Presumably the official guidance will address this issue.

Reimbursement for Wellness Activities and Equipment As of Pay date 07/11/2013

Description	Exercise Equipment	Exercise Sessions	Gym Mem.	Other	Sports Equip	Sports League Fees	Tennis/ Athletic Shoes	Thera. Massage	Weight Loss Programs1	**Total**
Total Reimbursement	$7,536.10	$2,121.75	$5,566.07	$852.87	$1,547.52	$1,898.00	$2,674.46	$430.00	$1,442.95	**$24,069.72**
Number of Reimbursements	28	16	24	7	7	6	23	7	18	136
YTD Average Reimbursement	$269.15	$132.61	$231.92	$121.84	$221.07	$316.33	$116.28	$61.43	$80.16	
Percent of Total	31.31%	8.82%	23.12%	3.54%	6.43%	7.89%	11.11%	1.79%	5.99%	

76 Employees have received reimbursement Other expenses have included
159 Employees have not received reimburseme marathon and race entry fees.

Average YTD Reimbursement $ 316.71 per participant

Health Assessment/Qualification Form Submission

Participants	Department	Participants	Department
3	Administration	1	FOC
1	Airport	18	Health
4	Animal Control	5	HR
2	BOC	9	IT
4	Building Inspections	14	LETS
8	Building Services	4	Michigan Works
4	Central Dispatch	1	Planning
1	Community Corrections	9	Prosecutor
7	County Clerk	2	Purchasing
7	Courts	4	Register of Deeds
12	Drain		Sherriff
8	EMS	3	Treasurer
		1	Veterans Affairs

Totals	131	Employees Qualified for Payout
	104	Employee did not qualify for payout
	3	Completed the Online Health form but not the Physician form
	7	Complete the Physician Form but not the Online Health Appraisal
	94	Completed neither the online appraisal or physicians form

2011-2013

Comprehensive Medical Claims Audit

FINDINGS AND RECOMMENDATIONS

for

Submitted by Health Decisions, Inc.

June 17, 2013

Revised 6/25/13

Confidential

Report Disclaimer

The information, opinions, and analysis contained in this confidential report are based on data sources believed to be reliable, but no representation, expressed or implied, is made as to its accuracy, completeness, or correctness.

The content of this report is based on data received from Livingston County and Blue Cross Blue Shield of Michigan. Health Decisions assumes no legal liability or responsibility for any error or omission in the information, or for any loss resulting from the use of any information contained.

This report provides an audit of claims administered by Blue Cross Blue Shield of Michigan. It does not guarantee a monetary return on identified overpayments.

Findings and Recommendations

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

Brown & Brown of Central Michigan and Health Decisions were retained by Livingston County to conduct a Comprehensive Medical Claims Audit of Blue Cross Blue Shield of Michigan (BCBSM). The objective of the audit was to conduct a review of claim payments and to recover overpayments for the self-funded health plan administered by BCBSM for the period of 2011-2013. Health Decisions last performed a Comprehensive Medical Claims Audit for Livingston County that covered claims incurred in 2007-2008.

The current project scope included claims incurred and paid by BCBSM during the period of 6/1/11 to 1/31/13. Medical claims processed totaled **$6,703,809** in payments for **687** subscriber contracts**.**

The audit began with a data request to BCBSM for electronic files needed for the audit. The following files were requested and received:

- Medical claims paid during the period of June 1, 2011 to January 31, 2013;
- Health plan eligibility and COB history data maintained by BCBSM; and
- Livingston County's payroll information on employee status and employee termination.

Health Decisions converted the data files, and translated the data into the Paperless Claim Recovery System (PCR™). All PCR™ audit tests were run. The results of these tests have been grouped into areas defined for follow through:

- **Recovery from Third Parties**: contracts to transmit to BCBSM total **$44,114**;
- **Administrative Overpayments**: contracts to transmit to BCBSM total **$369,910**;
- **Eligibility Verification and Validation**: contracts that warrant investigation by Livingston County and BCBSM total **$5,613;** and
- **Cases requiring more information:** These are contracts that require additional information.

This report presents test methodology, findings, and recommendations for each audit test. In addition to the above, detailed rosters and files of test results are available for review by authorized personnel (under HIPAA). After their review of the report, Livingston County will be asked to formally authorize claims submittal to BCBSM (see authorization in Exhibit A to this report).

Health Decisions has included a comparison of the results of both audits in Exhibit C to this report.

II. AUDIT SUMMARY TABLE

Overpayment Recovery Modules	Livingston County Amounts Potentially Recoverable
Recovery from Third Parties	
Coordination of Benefits (COB) With other health plans	**$9,067**
Medicare Primary Payment (aged, disability)	**$34,467**
End Stage Renal Disease	**-**
Duplicate Payments (made to providers)	**$580**
Total	**$44,114**

Overpayment Recovery Modules	Livingston County Amounts for Investigation and Possible Recovery
Claim Overpayments	
Claims Paid for Excluded Procedures	**$22,502**
Missed Discounts	**$1,278**
Stop Loss • **2011** • **2012** • **2013**	 **-** **$279,980** **-**
Correct Coding	**$66,150**
Total	**$369,910**

II. AUDIT SUMMARY TABLE

Overpayment Recovery Modules	Livingston County Review Records Validate Findings
Eligibility Verification and Validation	
Payer Eligibility File Tests • Ineligible Claimants Not On Payer Eligibility File • Claims Incurred Outside Periods of Payer Eligibility	- -
Employer Payroll File Tests • Claims Paid for Members Not On Payroll File • Claims Incurred Outside Periods of Employer Eligibility	- $5,613
Subtotal Payer and Employer Eligibility Audit Findings	$5,613
Other Eligibility Verification Results • 19-26 Year Old Dependents • Dependents Over Age 26	$332,228 $9,584

Overpayment Recovery Modules	Livingston County to Obtain New Information
Cases Needing More Information	
Trauma/Potential Accidents	$35,857
Potential Divorce	$138,844
Other Insurance Unknown	$924,854
High Dollar	$419,959
Total	$1,519,514

III. AUDIT METHODOLOGY

Data Intake

The project scope included claims incurred and paid by BCBSM during the period of 6/1/11 to 1/31/13. Medical claims processed totaled **$6,703,809.** BCBSM reported a total of **51,401** claims included in the audit. These data control counts were verified with Livingston County prior to data processing. Health Decisions' Audit Team removed adjustment records and excluded claims totaling **$10,626** for the following reasons:

- Individual claims were under $10 totaled **$1,928;**
- Aggregate payments per subscriber below $300 totaled **$5,444;** and
- Unmatched claims totaled **$3,254.**

Claims not excluded were processed in PCR™. PCR™ applied over 5,000 computerized audit queries which segregated cases by audit test on the remaining claim payments totaling **$6,693,183**.

Data Quality

Effective 10/1/12 (during the audit period of 6/1/11 to 1/31/13), Livingston County moved from BCBSM's Local data processing system to their MOS Operating system. This also resulted in a change to their BCBSM group number.

The Audit Team requested data from BCBSM on 11/19/12. BCBSM required an Indemnification Agreement, which was executed by Livingston County and Health Decisions.

Medical Claims

The Audit Team received a medical claim file on 4/1/13 from BCBSM. BCBSM combined the claims data from the local and MOS systems into one data file. The data was of good quality and supported the range of the audit tests performed.

Membership File

The Audit Team received two membership files (BCBSM's Local system and MOS system) on 3/27/13 from BCBSM. The data was of good quality and supported the range of the audit tests performed.

Coordination of Benefits (COB) History File

The Audit Team received two COB History files (BCBSM's Local system and MOS system) on 3/27/13 from BCBSM. The data was of good quality and supported the range of the audit tests performed.

Livingston County Payroll/Census and COBRA Data Files

Livingston County provided a final payroll/census and COBRA data file on 2/13/13. The file was of good quality and supported the range of the audit tests performed.

IV. RECOVERY FROM THIRD PARTIES

Coordination of Benefits

Recommendation: Livingston County should authorize Health Decisions to forward contracts with claim payments totaling $9,067 to BCBSM for investigation and possible recovery.

Method

The Coordination of Benefits (COB) analysis entailed reviewing contracts with other insurance information to identify claims that are the responsibility of another health plan. The electronic audit eliminated low dollar cases and applied the birthday rule to select cases that warranted further analysis. The Audit Team then conducted eligibility verification with the other insurers and a final review of cases through their Expert Review process.

Results

Within this category**, $9,067** was deemed potentially recoverable for **7** contracts after application of coordination rules and dollar thresholds. These contracts should be forwarded to BCBSM for recovery pursuit. Status updates from BCBSM will be provided by Health Decisions to Livingston County as they become available.

Health Decisions identified and eliminated **45** contracts with claim payments totaling **$265,255** that were paid correctly. No further action is necessary in the category.

IV. RECOVERY FROM THIRD PARTIES

Medicare Analysis

Recommendation: Livingston County should authorize Health Decisions to forward 7 contracts with payments totaling $34,467 to BCBSM for recovery.

Method
Health Decisions conducted an analysis of Medicare eligible cases. The initial step in the process was to identify Medicare eligible employees based on their age and indicators present on line-item claims that identify claims paid as secondary.

Contracts were further examined to see if they met any or all of the following criteria:

- Claims were paid primary or secondary by BCBSM;
- Verification of Medicare Parts A and B effective dates with the Centers for Medicare and Medicaid Services (CMS);
- Livingston County verified employee status to identify retirement dates; and
- Application of Medicare effective dates and retiree dates, to confirm if claims were paid correctly.

Results
Health Decisions identified **7** contracts that are potentially recoverable totaling **$34,467**. One of the contract holders did not elect Medicare Part B coverage and should not be closed by BCBSM. According to a provision forwarded by Livingston County, it states in the BCBSM Group Underwriting Policy; ***"Any retiree who is eligible for Medicare and does not elect coverage, BCBSM coverage will be secondary to Medicare".*** Medicare Part A and Part B dates have been confirmed with CMS and retiree dates confirmed with Livingston County. Health Decisions can assist in facilitating the necessary membership changes with Livingston County and BCBSM if warranted.

Cases paid correctly by BCBSM totaled **$954,679** for **91** Livingston County subscriber contracts. Contracts that were paid correctly met one or all of the following criteria:

- Claims were coordinated with Medicare and paid as secondary;
- Claims were incurred before the retirement date;
- Member has not yet signed up for Medicare; or
- Claims were paid before Medicare effective date.

IV. RECOVERY FROM THIRD PARTIES

End Stage Renal Disease (ESRD) Analysis

Method

Health Decisions conducted a review of Medicare cases with potential End Stage Renal Disease (ESRD) involvement. These cases represent a separate category of Medicare eligibility and potential recovery under Medicare Secondary Payer (MSP) rules. Health Decisions identified claims with diagnosis and procedure codes indicative of ESRD, and reviewed the cases to ascertain:

- Medicare Part A and Part B effective dates;
- The start date of renal dialysis; and
- Whether the claims were paid primary or secondary to Medicare.

Results

Health Decisions applied Medicare Secondary Payer (MSP) rules pertaining to ESRD. After Expert Review, **21** contracts with claim payments totaling **$580,310** were closed by Health Decisions. All contracts identified in this category are coordinating properly. BCBSM is doing a good job administering claims in this area.

IV. RECOVERY FROM THIRD PARTIES

Duplicate Payments Made to Providers

Recommendation: BCBSM should review the identified claims to determine if they have been duplicated and refund one-half of the duplicated amount if paid twice.

Method

This audit test identified claims with duplicated service dates, provider codes, pricing modifiers and dollar amounts. Health Decisions examined diagnosis codes and procedure codes to identify claims containing identical information indicative of potential duplicate payment.

Results

Health Decisions identified **1** contract with claim payments totaling **$1,160**, (one-half of this amount is potentially recoverable totaling **$580**).

Due to limited information available on the claim record, a review by BCBSM is needed to verify if claims were paid correctly. Claims paid incorrectly will be collected back from the providers and credited back to the group.

V. CLAIM OVERPAYMENTS

Excluded Procedures

Recommendation: These findings indicate possible inconsistent application of plan exclusions totaling $22,502. These payments should be investigated by BCBSM to determine if payments were made correctly. Claims paid incorrectly should be submitted for collection by BCBSM.

Method
Health Decisions identified procedures that were reported as excluded in the Livingston County's Summary Plan Description. Health Decisions then pulled claims that fell within procedure and diagnosis codes representative of the reported exclusions.

Results
The analysis identified the following:

- **Non-Cosmetic services** totaling **$17,053** in six service categories that should be reviewed by BCBSM to confirm payments were made correctly. Unauthorized payments should be credited back to the Livingston County by BCBSM; and
- **Cosmetic services:** There were payments totaling **$5,449** for Cosmetic procedures identified in the review. Unauthorized payments should be credited back to the Livingston County by BCBSM.

A sample of claim payments will be forwarded to BCBSM for investigation within each audit service category. If an error is identified in an audit area, all the remaining claims will be forwarded for review and collection. Based on the results of the review, all non-authorized payments of services should be credited back to Livingston County.

V. CLAIM OVERPAYMENTS

Missed Discounts

Recommendation: Findings indicate possible inconsistent application of negotiated provider discounts. The analysis identified potential incorrect payments in the amount of $1,278. This amount is small and it is recommended that Livingston County monitor the BCBSM discount process.

Method

This analysis looks at each unique provider and procedure code combination to identify discounts that may not have been universally applied. Specifically, the audit test examines:

- All claims for a specific procedure by a specific provider;
- Within the specific provider/procedure findings, is there evidence of discounts being applied? Is the approved charge less than the original charge?
- If some of the claims for that provider/procedure are discounted, have all claims been discounted?; and
- For undiscounted claims, an estimate of the missed discount amounts is calculated for within each unique provider and procedure combination.

Results

The audit test identified potential Livingston County claims submitted by **3** providers that were possibly not discounted. Possible incorrect claim payments in this area totaled **$1,278.** This area is working well, however the payer is following provider contract arrangements that BCBSM did not make. Monitoring for changes over time is recommended. This area is considered closed and no further action is necessary.

V. CLAIM OVERPAYMENTS

Claims In Excess of Stop Loss Levels

Recommendation: Health Decisions reviewed medical claims to identify members that exceeded stop loss. There were three contracts that had overpayments totaling $340,258 that should be researched by Livingston County to determine if they are credited back on the quarterly statement.

This audit test examines the application of specific stop loss provisions during an employer's plan year.

Method

- Stop loss for claims paid at a contract level of:
  - **2011**: $100,000
  - **2012**: $150,000
  - **2013**: $150,000
- The stop loss plan year is ***January 1 to December 31***.
- Claims were accumulated based within plan year on the paid date. The data received were in the following time periods;
  - **2011**: 6/1/2011 – 12/31/2011 (seven months of data received)
  - **2012**: 1/1/2012-12/31/2012 (full 12 months of data received)
  - **2013:** 1/1/13-1/31/13 (one month of data received)
- Identify any contract with claims over stop loss levels noted above in the 2011, 2012 and 2013 plan years respectively;
- Produce a listing with amounts over stop loss for identified members.

Results

2011 Plan Year: Health Decisions did not identify any members that exceeded stop loss in 2011. This area is considered closed.

2012 Plan Year: Health Decisions identified **3** members that had claim payments exceeding stop loss thresholds in the 2012 plan year, with excess payment above the specific level of **$279,980**. Livingston County should review their quarterly statements to confirm that these amounts were credited back.

2013 Plan Year: Health Decisions did not identify any members that exceeded stop loss in 2013. This area is considered closed.

V. CLAIM OVERPAYMENTS

Correct Coding

Recommendation: Livingston County should review these results with BCBSM to understand their policy in enforcement of Correct Coding standards. Based on this review Livingston County will be better able to assess whether adoption of CCI standards by its plan is warranted or desirable.

Method

Health Decisions applied the Federal Government's Correct Coding Initiative (CCI) Standards mandated for use with Medicare and Medicaid. The Correct Coding verification process applies only to physician claims. It begins with construction of an episode of care (same person, same day, and same provider). Within these episodes, all procedure codes billed are compared to CCI code pairs. For the same care episode only one code in a code pair can be billed, the other is invalid. These code pairs are publicly available and maintained by the Center for Medicare and Medicaid Services (CMS).

Results

The audit identified claims paid totaling **$66,150** for the following CCI standards:

Correct Coding Initiative Reason	Total Payments
Mutually exclusive procedures	$24,410
Most extensive procedures	$20,744
Misuse of Column 2 code with Column 1	$19,805
Anesthesia included in surgical procedures	$1,191
Total:	**$66,150**

As part of its participating provider agreement, BCBSM uses proprietary software to identify physician billing errors. Unlike CCI, the criteria used by BCBSM to flag potential errors are unknown. The deviations from CCI standards point to gaps in the criteria used by BCBSM that providers may be exploiting. Addressing these gaps would require changes to BCBSM's participating provider agreement that BCBSM is unlikely to pursue. Health Decisions recommends that Livingston County continue to monitor deviations from CCI standards to gauge the adequacy of BCBSM's internal billing review processes. Livingston County may also want to consider more extensive provider billing analyses.

VI. ELIGIBILITY VERIFICATION AND VALIDATION

In this section, Health Decisions performed a series of audit tests to assess the application of employer and health plan eligibility information to the basic aspects of claims administration. All test results were based solely on the available data. Health Decisions compared the Livingston County payroll file to the BCBSM Membership file. The files covered the same periods of eligibility:

- **Livingston County Payroll file** data covered employees during the entire period of claim activity; through **1/31/13**; and
- **BCBSM Membership/eligibility** data covered the entire period of claim activity, through **1/31/13**.

Payer Eligibility File Tests

Method

In this audit test, Health Decisions compared BCBSM paid claims to the eligibility dates in the BCBSM Membership (Eligibility) file. Two audit tests were applied:

- Claimant Not On Payer Eligibility File; and
- Claims Incurred Outside Periods of Payer Eligibility.

Results

Claimant Not on Payer Eligibility File

This analysis did not identify any contracts with claim payments paid for members/dependents not found on BCBSM's eligibility file. This is an excellent finding.

Claims Incurred Outside Periods of Payer Eligibility

This analysis compared medical claims to the BCBSM Membership file to identify claims paid outside of periods of payer eligibility. There were no findings in this area which is an excellent finding.

These areas are considered closed.

VI. ELIGIBILITY VERIFICATION AND VALIDATION

Employer Payroll File Tests

Recommendation: Livingston County and BCBSM should examine the findings in the Employer Eligibility File tests to determine if they are valid. If they are validated, and eligibility errors have occurred, the parties will need to resolve past errors and consider what corrective steps are warranted.

Method

In this module, Health Decisions compared the Livingston County Payroll File records to claims paid by BCBSM. Two audit tests were applied to identify the following:

- Claims paid for members not found on Livingston County Payroll File; and
- Claims incurred outside periods of employer eligibility.

Results

Claims Paid for Members Not Found on Employer's Payroll File

This analysis did not identify any contracts with claim payments paid for members/dependents not found on Livingston County's Payroll File. This is an excellent finding.

Claims Incurred Outside Periods of Employer Eligibility

This analysis identified **2** individuals with claim payments totaling **$5,613** for medical claims incurred **after** Employer Payroll Eligibility dates.

VI. ELIGIBILITY VERIFICATION AND VALIDATION

19-26 Years Old Dependents

Recommendation: Livingston County should confirm if they have current documentation for these dependents on file. If documentation is missing or out of date, Livingston County should review their process for maintaining dependent documentation and consider performing a Dependent Eligibility Audit.

Method

The 19-26 Year Old Dependent analysis provides a listing of 19-26 Year Old Dependents and Sponsored Dependents with claims. It is an information only report that should be reviewed by Livingston County to assess the adequacy of their documentation of dependent eligibility. The audit test included:

- Non-spouse members over age 19 with claims; and
- Claims for dependents incurred after their 19th birthday.

Results

There were a total of **120** 19-26 year old dependents identified with paid claims totaling **$332,228**.

If Livingston County has not conducted a Dependent Eligibility Audit (DEA) in the past three years, they should consider performing one. Verification of dependent eligibility is an important ongoing activity and a HR best practice. Health plan eligibility is very dynamic due to:

- New Hires;
- Qualified Life Events; and
- Divorces

Along with verification of dependent eligibly, a DEA can be used to confirm other insurance, or if a spouse has been offered health coverage from another employer, in order to assure the proper enforcement of all rights of coordination. It will also ensure that new taxes levied on a per member basis, (by the Affordable Care Act), are assessed accurately.

VI. ELIGIBILITY VERIFICATION AND VALIDATION

Dependents Over Age 26

Recommendation: Livingston County and BCBSM should review the listing of dependents age 26 and over to determine if they meet the eligibility rules for continued coverage. Livingston County should review internal records to confirm the disability status for the identified dependents. If such status cannot be documented, dependent eligibility for health benefits should be confirmed.

Method
This audit test identified dependents over the age of 26 that were classified as active in the BCBSM Membership File.

Results
There were **10** dependents identified in this category with claim payments totaling **$9,584**. Dependents age 26 and greater tend to be costly to insure because they are usually enrolled due to a long term disability.

The dependent records in this category should be examined to determine if they meet the Livingston County eligibility rules for continued coverage. This review should rule out any underlying data issue in the classification of relationship coding.

VII. CASES NEEDING MORE INFORMATION

Health Decisions' Administrative Audit applied membership and COB information supplied by BCBSM to identify possible third party liability. Livingston County provides enrollment and eligibility updates through BCBSM's membership system. Certain information does not always get transferred reliably to BCBSM including:

- Retirement dates;
- Termination dates;
- Divorce decrees; and
- Accidental injury reports.

Cases requiring further investigation fall into the following categories:

- Potential divorce decree cases with claims for dependent children; and
- Cases with unknown other coverage status where Livingston County would be the secondary payer for claims paid.

A Focused Enrollee Survey is a cost effective targeted fulfillment mailing to obtain missing information on other insurance, Medicare coverage, divorce decree, or accident information. Focused Enrollee Surveys identify new contracts with other insurance coverage, and usually result in additional recoveries.

The new information benefits the employer in a number of ways:

- It allows the transfer of accurate and current information to the payer. Accurate other insurance and Medicare information improves future claims administration;
- It will improve the accuracy of the Livingston County's personnel files; and
- The new information maximizes claim recovery opportunities by utilizing new and more current information.

VII. CASES NEEDING MORE INFORMATION

Trauma/Potential Accidents

Recommendation: There were 4 contracts identified as trauma related or as a potential accident case with claims totaling $35,857. BCBSM should review internal files to see if this contract has already been pursued for recovery. If this case does not have an accident questionnaire on file, one should be mailed by BCBSM.

Method

Health Decisions' Trauma/Potential Accident Module identifies cases with diagnoses indicative of a trauma event. These diagnosis and procedure codes are likely to be associated with a work-related injury, automotive, or other accident. Claims filed as a result of an accident have potential for subrogation against a Workers Compensation plan, auto insurance policy, or a court judgment.

Results

This audit test identified **4** contracts classified as having possible auto/subrogation related claimants. Claim payments in this category totaled **$35,857**. Contracts should be forwarded to BCBSM's Subrogation Unit to see if they have any information on file. If these cases have been identified as recoverable, BCBSM should also report status until all recoveries are completed.

VII. CASES NEEDING MORE INFORMATION

High Dollar Cases

Recommendation: Livingston County should authorize a Focused Enrollee Survey for employees who fall under the category of large claim cases. These are individuals with claim payments over $20,000 and with unknown other insurance. The Focused Enrollee Survey should be continued until a response rate of 90% or greater is achieved.

High dollar cases numbered **8** employees who had aggregate payments totaling **$419,959.** These **8** cases represented **6.3%** of $6,693,183 in claim incurred during the audit period. These cases do not have other coverage information recorded on file and should be included in the Focused Enrollee Survey mailing.

If authorized by the Livingston County, Health Decisions will conduct a Focused Enrollee Survey to obtain other insurance information. If new information is obtained, Health Decisions will review this information for potential recovery. Eligibility calls will then be conducted to confirm the new information. Claims deemed to be recoverable can be forwarded to BCBSM for recovery.

VII. CASES NEEDING MORE INFORMATION

Possible Divorces

Recommendation: Livingston County should check their human resource files to see if they have divorce decree documentation for cases identified by Health Decisions. If divorce decree information is on file, it should be forwarded to Health Decisions for further analysis. Livingston County may want to conduct an employee mailing for cases with no documented divorce decree information.

Method

To properly administer divorce decrees and associated medical claims, employers need to obtain a copy of the medical coverage and custodial sections of the divorce decree from the employee. This documentation is used to determine who is primary for dependent claims. This same documentation is needed to comply with the Qualified Medical Child Support Order (QMCSO) regulations enacted by the federal government.

Results

The analysis identified **29** contracts with a possible divorce through application of using Health Decisions' query logic. These contracts had dependent claims totaling **$138,844**.

Health Decisions would conduct a Focused Enrollee Survey to obtain divorce decree and other insurance information. If new information is obtained, Health Decisions will review this information for potential recovery. Eligibility calls will then be conducted to confirm the new coverage information. Claims deemed to be recoverable can be forwarded to BCBSM for recovery in a second submittal.

VII. CASES NEEDING MORE INFORMATION

Other Insurance Unknown

Recommendation: Livingston County should authorize the Focused Enrollee Survey to select employees to obtain updated information from employees where the availability of other health coverage is unknown.

Method

This analysis looked at claims for family members with unknown other health coverage information, and with claims that could be the liability of another health plan based on coordination rules.

Results

There was **$924,854** in claim payments made for **170** Livingston County employees and their dependents where other health coverage information is unknown. Claim payments for these cases represented **13.8%** of $6,693,183 in claim incurred during the audit period. Health Decisions is recommending that Livingston County authorize the Focused Enrollee Survey to these individuals. If other health coverage can be documented, Livingston County would be the secondary payer and could realize future savings.

Health Decisions would conduct a Focused Enrollee Survey to obtain other insurance information. If new information is obtained, Health Decisions will review this information for potential recovery. Eligibility calls will then be conducted to confirm the new information. Claims deemed to be recoverable can be forwarded to BCBSM for recovery.

Exhibit A

Livingston County 2011-2013
Comprehensive Medical Claims Audit Findings
Authorization for Collection Pursuit

Health Decisions is in the early stages of collection. The contracts identified in the audit need to be forwarded to BCBSM so they can initiate investigation and collection if warranted. In some instances membership will need to be changed so future claims are adjudicated correctly and collection can be performed. Health Decisions will inform Livingston County is this is needed. If membership is necessary, a letter will be forwarded from Livingston County authorizing BCBSM to complete the changes.

Health Decisions would like Livingston County to sign off on each audit area authorizing us to forward identified contracts to BCBSM for investigation and collection if warranted. The areas are as follows:

☐ **Coordination of Benefits: 7** contracts were identified to forward to BCBSM

☐ **Medicare: 7** contracts were identified to forward to BCBSM

☐ **Duplicates: 1** contracts were identified to forward to BCBSM

☐ **Trauma: 4** contracts will be forwarded to BCBSM

☐ **Excluded Procedures:** A sample will be forwarded to BCBSM from each audit area

☐ **Focused Enrollee Survey:** Health Decisions will perform a mailing for Livingston County to capture secondary coverage information. All contracts and communications will be reviewed and approved by Livingston County prior to Health Decisions forwarding the mailing to identified contracts.

☐ **Claims Paid Outside of Entitlement:** Livingston County will internally review identified contracts to confirm entitlement. If contracts are identified with incorrect payments; Livingston County will notify Health Decisions if they would like to proceed with collection.

Livingston County Signature/Date

Exhibit B

FOCUSED ENROLLEE SURVEY

Date:

To:

From:

Subject: Coordination of Benefits

Health Decisions recently conducted an audit of the BCBSM medical plan. The audit was for 2011 through 2013. As a result of the audit, we are asking your participation in collecting information for Coordination of Benefits (COB). The COB process determines which health care plan has primary responsibility to pay for health care claims when an individual is covered by more than one health care plan. With the rapidly escalating cost of health care, which affects us all either directly or indirectly, the subject of Coordination of Benefits is gaining increased attention.

Your help is required to make coordination of benefits work. COB saves money and helps preserve the hard earned company assets.

The quickest way to get COB working is to complete and return the attached form. ***Please respond regardless of whether or not you have other coverage.*** This is necessary in order for us to know that you do not have other coverage.

Completion of this form will in no way affect your coverage under your BCBSM benefits. This is simply a means by which we can make sure that your claims, if any, were coordinated with any other plans which may have been available. All information provided, of course, is protected by privacy laws.

Complete the enclosed questionnaire and return it in the enclosed envelope to Health Decisions, Inc., the firm handling this mailing for us, by **(DATE).** If you have any questions, please feel free to contact Health Decisions at **800-000-0000**. Thank you in advance for your prompt response.

Livingston County

Please Mail To: Health Decisions, Inc., 409 Plymouth Rd., #220, Plymouth, MI 48170

1. Employee Information

Social Security Number	Last Name	First Name/MI	Birth Date
Street Address	City	State	Zip Code
Spouse Social Security No.	Spouse Last Name	Spouse First Name/MI	Spouse Birth Date
Spouse Employer Name	Spouse Employer Location/Telephone No.	Marital Status □ Single □ Married □ Widow(er) □ Divorced	

2. Secondary Insurance Information other than Medicare: Are you or any of your dependents covered by **HEALTH** insurance from any other source: For example, another employer, spouse's employer or child's natural parent?

□YES □ NO If YES, please complete below.

Name of Person Covered by Other Plan	Sex	Relationship to You	Social Security No.	Birth Date
That Person's Employer's Name	Location/Telephone No.			
Name of That Person's Health Care Plan	Location/Telephone No.			
ID No. / Group/Policy No.	Effective Date of Coverage	Is That Person: □ Active □ Retired		
Is This Coverage: □ Single □ Two Person □ Family	Is This Coverage: □ Medical □ Dental □ Vision/Hearing □ Prescription Drug			

Please list spouse and/or dependents covered under this plan. If more than five, use reverse side.

Name	Social Security No.	Relationship to You	Birth Date
Name	Social Security No.	Relationship to You	Birth Date
Name	Social Security No.	Relationship to You	Birth Date
Name	Social Security No.	Relationship to You	Birth Date
Name	Social Security No.	Relationship to you	Birth Date

3. Medicare Information: Are you or any of your dependents covered by Medicare? If YES, list below.

Name	Eligible for Medicare because: (Please check one)	Part A Hospital	Effective Date	Part B Medical	Effective Date	Medicare Number
You	□ End Stage Renal Disease □ Disabled □ Over 65 Working □ Over 65	YES NO		YES NO		
Your Spouse	□ End Stage Renal Disease □ Disabled □ Over 65 Working □ Over 65	YES NO		YES NO		
Your Dependent Child	□ End Stage Renal Disease □ Disabled	YES NO		YES NO		
Your Dependent Child	□ End Stage Renal Disease □ Disabled	YES NO		YES NO		

4. Divorce Decree Information for children covered by any other Health Care coverage through Court Order: (*Please attach a copy of the Court Order)* List the covered children below.

By Court Order, who is responsible for Health Care Coverage: □ Father □ Mother □ Both ____% Father ____%Mother			
Name of Insurance Person Responsible	Social Security No.	Birth Date	
That Person's Employer's Name	Location/Telephone No.		
Name of That Person's Health Care Plan	Location/Telephone No.		
First Child's Name/Social Security No. / Birth Date	Second Child's Name/Social Security No. / Birth Date		
Third Child's Name/Social Security No. / Birth Date	Fourth Child's Name/Social Security No. / Birth Date		

Completion of this form will not affect your coverage with BCBSM

Signature _____ Date _____

Exhibit C

2008/2013 COMPARISON OF AUDIT RESULTS

AUDIT AREA	2007-2008	2011-2013
Incurred Claims Reviewed	$4,472,167	$6,693,183
CONTRACTS IDENTIFIED FOR RECOVERY PURSUIT		
Medicare	$12,442	$34,467
ESRD	$199,717	-
Trauma Analysis	$23,779	$35,857
COB	$1,631	$9,067
Duplicates	-	$580
Total	**$237,569**	**$79,971**
CASES REQUIRING FURTHER INVESTIGATION		
Large Claim Cases	$174,932	$419,959
Coverage Status Unknown	$8,125	$924,854
Potential Divorce to be Investigated	$51,051	$138,844
Total	**$234,108**	**$1,483,657**
INELIGIBLE CLAIMANTS FOR INVESTIGATIVE PURSUIT		
Claims Paid Outside Carrier Membership	$123	$5,613
Claims for ineligible Contracts not found in Employers payroll file	$565,130	-
Total	**$565,253**	**$5,613**
SPECIAL ANALYSES		
Excluded Benefits	$9,608	$22,502
Correct Coding	$7,865	$66,150
Missed Discounts	$5,176	$1,278
Total	**$22,649**	**$89,930**

Livingston County Michigan
Human Resources Policy Manual

Section:	**Compensation/Classification**
Subject:	**Administrative Guidelines**

A. POLICY

1. PURPOSE:
   To establish guidelines for the ongoing maintenance of the job classification and compensation program.

2. POLICY STATEMENT:
   The intent of the compensation philosophy is to maintain a competitive compensation program in order to attract, retain, and motivate qualified employees. To that end, the following principles will govern our compensation guidelines.

   Twelve counties are being identified for comparison's purposes. Included in the comparable group are: Allegan County, Berrien County, Eaton County, Ingham County, Jackson County, Kalamazoo County, Monroe County, Muskegon County, Ottawa County, Saginaw County, St. Clair County and Washtenaw County.

   From time to time, the Human Resources Director may recommend that other comparators should be used (other county governments, or private sectors employers) where information from the primary labor market is considered insufficient to attract and retain specific positions or classes.

   Livingston County does not want to lead nor does Livingston County want to be average. Generally, our competitive position would be based on the median maximum (50^{th} percentile) plus six percent (6%) being made available through two Merit Steps, Merit I, Step 7 and Merit II, Step 8.

   A point factor job evaluation will be used to determine internal equity. A Job Analysis Questionnaire will be completed to collect data regarding various county jobs. The following factors along with their weights will be used:

Factor	Factor Weighting
Education and Work Experience	20%
Judgment and Independence of Action	10%
Communication	10%
Supervisory or Managerial Responsibility	10%
Job Complexity	15%
Responsibility for the Rights, Well-Being & Safety of Others	10%
Impact on Programs, Services & Operations	15%
Working Environment	10%

   Once points have been identified for all factors, total points are computed. After point totals have been determined for all jobs, the jobs will be grouped together into pay grades. The assignment of jobs to various pay grades is directly linked to the job evaluation plan and based on the factor ratings.

   The salary schedule has been built providing for three percent (3%) adjustment between steps and nine percent (9%) between grades.

3. APPLICABILITY:
   Applies to all non-union county employees.

4. DEFINITIONS:

   Job Evaluation – The systematic determination of the relative worth of jobs within an organization.

   Point Factor Method – Breaking down jobs into various factors and placing weights, or points on them. Once points have been identified for all factors, the total points are computed which determines grade placement.

   Anniversary Date – An employee's continuous service in his/her current position. Generally, the anniversary date is the same as the "date of hire." However, a promotion normally changes one's anniversary date. The anniversary date is the date used to determine when an employee becomes eligible for a step increase.

   Reclassification – A change in the grade placement of a job as a result of a redefinition of the duties and/or qualification requirements of the position.

   Red-Circled – Individual pay is above that of their assigned salary range, that employee is considered to be "red circled."

   Promotion - An individual is transferred or reassigned to a job in a higher pay grade than his or her existing pay grade which will result in an increase in the rate of pay to the individual being promoted.

   Demotion – An individual is transferred or reassigned to a job in a lower pay grade than his or her existing pay grade. Depending upon the circumstances, a demotion may result in a decrease in the rate of pay of the individual.

5. REFERENCE AND LEGAL AUTHORITY:

6. SEE ALSO:
   Policy: Merit Steps
   Form: Job Analysis Questionnaire (JAQ)
   Form: Personnel Action Form (PAR)

7. SUPERSEDES: No. 105-033

8. APPROVED BY:
   Personnel Committee 11/10/04

9. RESOLUTION: No. 305-127 03/21/05

10. REVIEW HISTORY:

B. PROCEDURE

Responsibility for Administration
The Human Resources Director shall be responsible for reviewing and providing recommendations with respect to job evaluation and pay grade assignments (e.g., new jobs,

reclassifications, etc.) to the Personnel Committee (or other designated committee) of the Board of Commissioners. The Personnel Committee will have the final approval of all job evaluation and pay grade assignments. It is important that any recommendations concerning job evaluation be prepared by individuals with direct knowledge about (1) the specific content and requirements of the job(s) being evaluated, (2) the general content of other classifications within the County to permit a meaningful comparison, and (3) the impact job evaluation decisions may have on the internal equity of the established salary structure.

Adding New Jobs to the Compensation Structure

If a department wants to create a new position, it must first seek and receive approval by the Personnel Committee. If the Personnel Committee grants approval, the Human Resources Director will be responsible for determining if a new classification needs to be established for the new position. The entire process will proceed as follows:

A. The responsible Department Head/Elected Official shall initiate the process by completing the necessary paperwork to create a new position and submitting it to the Personnel Committee.
B. The Personnel Committee shall be responsible for evaluating the request for a new position and determining whether approval is to be granted. The decision shall then be communicated to the responsible Department Head/Elected Official.
C. Upon approval of the position, the responsible immediate supervisor will be asked to further explain or document in writing the position's job duties and responsibilities and minimum qualification requirements through the completion of a Job Analysis Questionnaire. The questionnaire and other job related documentation should be forwarded to the Human Resources Director.
D. The Human Resources Director shall be responsible for reviewing the position information and developing a job description. The Human Resources Director shall also be responsible for evaluating the new position and recommending grade placement within the compensation structure to the Personnel Committee. Comparable salary information should also be collected when possible to assist in the determination of the pay grade placement of the position. The Personnel Committee will then have the final approval of the pay grade assignment.
E. The responsible Department Head/Elected Official will be notified of the results.

Reclassification Procedures

A reclassification is a change in the grade placement as a result of a redefinition of the duties and/or qualification requirements of the position. If the duties/responsibilities and/or qualification of an established position is permanently and significantly changed, the following action should be taken:

A. The responsible Department Head/Elected Official shall initiate the process by submitting a request for a position reclassification to the Human Resources Director, documenting completely the reasons for the position reclassification request.
B. The position incumbent and the incumbent's immediate supervisor may be asked to further explain or document in writing the position's job duties and responsibilities and minimum qualification requirements through the completion of a Job Analysis Questionnaire. The questionnaire and other job related documentation should be forwarded to the Human Resources Director.
C. The Human Resources Director shall be responsible for evaluating the new position and recommending grade placement in the position within the compensation structure to the Personnel Committee. Comparable salary information should also be collected when possible to assist in the determination of the pay grade placement of the position. An upgraded job description will be prepared as warranted. The Personnel Committee will then have final approval of the pay grade placement of the position.
D. The responsible Department Head/Elected Official will be notified of the results.

E. Should an existing position be reclassified to a higher pay grade, the pay of the incumbent(s) whose current salary is less than the minimum of the new assigned salary range will be placed on the step closest to but not less than their current salary.
F. In instances when a job is reclassified to a lower pay grade because a re-evaluation indicated reduced duties, a pay reduction may or may not occur. The decision whether to reduce the pay of the incumbent(s) will be determined on a case-by-case basis by the Human Resources Director depending upon circumstances of the reclassification.

Determination of Starting Rates of Pay

The determination of the appropriate starting pay for a new hire should be accomplished through the cooperative efforts of the Human Resources Director and the appropriate immediate supervisor. In general, starting rates should be at the minimum of the assigned salary range. Starting pay which is higher than the minimum of the assigned salary range maybe acceptable for such reasons as education and/or work experience directly applicable to the job which exceeds the minimum employment requirements, a competitive market situation, a special and specific talent, and the like. The County Administrator and/or the Human Resource Director can approve a starting rate of pay up to the one year step. Granting a starting rate of pay above the one year step must be approved by the Personnel Committee.

Note: Care should be taken to avoid establishing the new employee's rate of pay in an amount that exceeds the salary of any existing staff member in the same job classification with comparable years of relevant work experience, education and training. Maintaining appropriate internal equity between a new employee and current job incumbents is critical to the integrity and functionality of the County's compensation system.

Movement Within the Pay Structure

A. Annual Pay Increases/Step Increases

Employees will generally receive a one-step pay increase on their anniversary date after each year of employment. In the first year of employment, those employees who starting pay was at the pay range minimum, will also receive a step increase after six months of employment. In no instance should an increase to an employee's pay rate be such that the new pay rate exceeds the maximum of their assigned pay range.

Additionally, employees may receive an economic adjustment to their rate of pay each year equal to any adjustment made to the pay structure. This adjustment is granted to every employee whose current rate of pay is at or below the salary range maximum of their assigned pay grade.

Step increases indicated on the Livingston County Salary progression plan are not automatic. Department heads wishing to recommend employees for step increases will submit a County Personnel Action Request (PAR) form to Human Resources. Department heads/elected officials not wishing to recommend personnel for step increases will notify the affected employee prior to the employee's anniversary date.

B. "Red Circled" Employees

If the pay of an individual employee is above that of their assigned salary range, that employee is considered to be "red-circled." Because the maximum of the salary range represents the upper end of the relevant range for a particular pay grade, no adjustments should be made to be base salary of a red-circled employee. To balance the impact and importance on morale and positive motivation associated with continuing monetary recognition, red-circled employees may be eligible to receive a cost of living adjustment that is separate from their base pay. This payment will be spread out over the course of a year and become a separate component of their paycheck.

Transfer or Reassignment of an Individual

A. Promotion

A promotion occurs when an individual is transferred or reassigned to a job in a higher pay grade than his or her existing pay grade. An increase in the rate of pay of the individual being promoted should be determined jointly by the respective immediate supervisor and the Human Resources Director and should take into consideration:

- The individuals qualifications to perform the new job and his or her relevant experience, and
- The rates of pay, qualifications, and experience levels of any other employees assigned to the same job classification, and
- The percentage differential between the existing and new pay grades.

The new rate of pay of the individual being promoted should be at least equal to the minimum of the new salary range and/or the closest step that would result in at least a five percent (5%) increase. Promotional increases generally should be granted concurrently with the employee's assumption of his/her new job duties.

B. Demotion

A demotion occurs when an individual is transferred or reassigned to a job in a lower pay grade than his or her existing pay grade. A demotion can be initiated for a variety of reasons (e.g., poor performance, employee preference). Depending upon the circumstances, demotions and the impact on pay include:

WHO INITIATES	REASON	IMPACT ON PAY
Individual Employee	Voluntary	Adjusted to reflect: • The individual qualifications to perform the new job and his or her relevant experience, and • The rates of pay, qualifications, and experience levels of any other employees assigned to the same job classification, and • The percentage differential between the existing and new pay grade. New rate must be below maximum of the new pay grade.

Supervisor or Department Head	Performance Related	Adjusted to reflect: • The individual's qualifications to perform the new job and his or her relevant experience, and • The rates of pay, qualifications, and experience levels of any other employees assigned to the same job classification, and • The percentage differential between the existing and new pay grades. The new rate must be below maximum of the new pay grade.
Department Manager	Business-related • Reduction in Force • Reorganization • Position Requirements Modified • Etc.	No adjustment to current rate of pay. If the current rate of pay exceeds the maximum of the new pay range, the individual will be considered "red-circled."

C. Lateral Transfer
A lateral transfer occurs when an individual is transferred or reassigned to a position in the same pay grade as his or her existing job. Generally, no adjustment in the rate of pay should occur.

Annual Pay Structure Analysis
In response to market trends, the salary structure should be reviewed and updated annually, as appropriate. Based upon a market analysis and financial considerations of the County, a percentage factor should be determined and applied to the salary ranges to update the compensation structure. All ranges should be adjusted consistently by a percentage rate as opposed to a flat dollar amount to assure the integrity of the characteristics of the structure (e.g., range widths, pay grade differentials).

Guidelines for Appealing Compensation Classification
If an individual or their supervisors feel that the placement of a job within the classification (grade) structure is incorrect, an appeal can be made to Human Resources to reevaluate the position. Appeals require the following:

1. The employee and/or the supervisor shall review the existing JAQ and make any changes that are deemed appropriate. Supervisors will approve any changes.
2. The appeal will be forwarded to Human Resources with the revised JAQ, including a cover letter outlining the reason for the appeal and any additional documentation.
3. Human Resources will review the new JAQ and any supporting material.
4. Upon completion of the review, Human Resources will present a recommendation to the Personnel Committee.
5. The Personnel Committee may accept, refuse or modify the recommendation from Human Resources. This Committee's decision will be final.
6. Further appeals require a six-month waiting period and evidence of significant job function changes.

RESOLUTION **NO:**

LIVINGSTON COUNTY **DATE: August 5, 2013**

RESOLUTION TO PURCHASE MERS GENERIC SERVICE CREDIT BY JOEL ASH - Sheriff / Human Resources/ Personnel Committee / Finance Committee

WHEREAS, As of July 1, 2013, Joel Ash has 12 years, 11 months service credit with the Municipal Employees' Retirement System (MERS); and

WHEREAS, Joel Ash has requested that he be allowed to purchase three (3) years of generic service with MERS; and

WHEREAS, MERS requires that the Governing Body of the employing municipality approve the purchase; and

WHEREAS, Joel Ash will pay $ 43,765.00, which is the total actuarial cost for purchasing three (3) years of generic service.

THEREFORE BE IT RESOLVED that the Livingston County Board of Commissioners hereby authorizes Joel Ash to be credited with three (3) years of generic service in MERS providing he pays the total cost of such service which was actuarially determined to be $43,765.00.

BE IT FURTHER RESOLVED that the Board Chair is authorized to sign the necessary documentation to effectuate this purchase.

# # #

MOVED:

SECONDED:

CARRIED:

LIVINGSTON COUNTY, MICHIGAN
DEPARTMENT OF HUMAN RESOURCES

304 E. Grand River Ave, Howell, MI 48843
Phone: 517-540-8790 **Email:** jpalmbos@co.livingston.mi.us

Web Site: co.livingston.mi.us

Memorandum

To: **Livingston County Board of Commissioners**

From: **Jennifer Palmbos, Director of Human Resources/Labor Relations**

Date: **August 1, 2013**

Re: **Purchase of Generic Service Credit by Joel Ash**

Deputy Joel Ash as requested to purchase three (3) years of generic service credit from MERS. The total actuarially determined cost to Mr. Ash to purchase the service credit is $43,765.00. This represents the entire cost of the service credit. MERS requires the governing body to approve all such purchases of service credit. We are recommending approval of the purchase since there is no cost to the County.

If you have any questions regarding this matter please contact me.