

# MEMORANDUM

SPAGO  
Agenda Item No. 2B

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**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

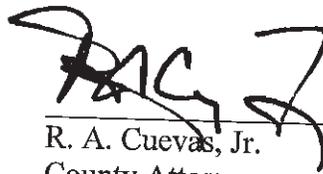
**DATE:** April 14, 2015

**FROM:** R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Resolution waiving the requirements of the Master Procurement Implementing Order 3-38, directing the Mayor to negotiate an agreement with the RAND Corporation for the purpose of evaluating Miami-Dade County's self-insured health plan for potential cost savings, identify a funding source for payment of the services provided, and present agreement, or in the alternative, a report to the Board for its consideration and approval

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The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Juan C. Zapata.

  
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R. A. Cuevas, Jr.  
County Attorney

RAC/cp



# MEMORANDUM

(Revised)

**TO:** Honorable Chairman Jean Monestime  
and Members, Board of County Commissioners

**DATE:** May 5, 2015

**FROM:**   
R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Agenda Item No.

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's \_\_\_\_\_, 3/5's \_\_\_\_\_, unanimous \_\_\_\_\_) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No.  
5-5-15

RESOLUTION NO. \_\_\_\_\_

RESOLUTION WAIVING THE REQUIREMENTS OF THE MASTER PROCUREMENT IMPLEMENTING ORDER 3-38, DIRECTING THE MAYOR OR THE MAYOR'S DESIGNEE TO NEGOTIATE AN AGREEMENT WITH THE RAND CORPORATION FOR THE PURPOSE OF EVALUATING MIAMI-DADE COUNTY'S SELF-INSURED HEALTH PLAN FOR POTENTIAL COST SAVINGS, IDENTIFY A FUNDING SOURCE FOR PAYMENT OF THE SERVICES PROVIDED, AND PRESENT AGREEMENT, OR IN THE ALTERNATIVE, A REPORT TO THE BOARD FOR ITS CONSIDERATION AND APPROVAL

**WHEREAS**, Miami-Dade County is self-insured for its health plan and covers approximately 60,000 employees, retirees, and dependents; and

**WHEREAS**, on July 10, 2007, this Board adopted Resolution No. R-810-07 awarding Contract No. 559 to AvMed, Inc. d/b/a AvMed Health Plan(s) ("AvMed") for the provision of the County's self-funded health plan; and

**WHEREAS**, this Board desires to continually identify potential savings for the County while providing flexibility in offering a comprehensive level of plan benefits to its employees, retirees, and eligible dependents; and

**WHEREAS**, the Mayor established the Labor Health Care Committee comprised of County elected officials, senior staff members and labor bargaining unit representatives to address healthcare issues and outline recommendations on plan design modifications that could yield savings to both the County and employees; and

**WHEREAS**, representatives of the County and the labor unions representing County workers have been rebuffed in their requests to inspect and analyze the prices that AvMed has

negotiated with medical providers (<http://www.miamiherald.com/news/health-care/article2102458.html>); and

**WHEREAS**, transparency in health care prices has been shown to have the potential to strengthen the negotiating position of health plan sponsors relative to medical providers (<http://www.chcf.org/~media/MEDIA%20LIBRARY%20Files/PDF/M/PDF%20MovingMarketsNewHampshire.pdf>); and

**WHEREAS**, the Centers for Medicare & Medicaid Services has created and made publicly available detailed service-specific data on the prices paid by the Medicare program to individual hospitals and physicians (<http://www.hhs.gov/news/press/2014pres/06/20140602a.html>); and

**WHEREAS**, under the Health Insurance Portability And Accountability Act of 1996 (“HIPAA”), an employer that sponsors a group health plan is a “covered entity,” and a covered entity is expressly permitted to use protected health information for health care operations, which include “business planning and development, such as conducting cost-management and planning-related analyses ...” (HIPAA Administrative Simplification Regulation Text, Section 164.501); and

**WHEREAS**, under HIPAA, a covered entity may enter into an agreement with a business associate and the “business associate may use or disclose protected health information only as permitted or required by its business associate contract or other arrangement pursuant to Section 164.504 (or as required by law).” (HIPAA Administrative Simplification Regulation Text, Section 164.502); and

**WHEREAS**, under HIPAA, “A covered entity may use protected health information to create information that is not individually identifiable health information [de-identified] or

disclose protected health information only to a business associate for such purpose” (HIPAA Administrative Simplification Regulation Text, Section 164.502); and

**WHEREAS**, this Board desires to afford the Mayor or Mayor’s designee an opportunity to pursue and implement savings in health care, including implementing those recommendations of the Labor Health Care Committee; and

**WHEREAS**, from time to time, the administration and unions are meeting to discuss health care cost containment strategies; and

**WHEREAS**, the RAND Corporation is a nonprofit research organization providing objective analysis and solutions that address the challenges facing the public and private sectors across the world; and

**WHEREAS**, for more than 40 years, a branch of the RAND Corporation, RAND Health, has been conducting objective, nonpartisan research and analysis focusing on reducing health care costs while improving health; and

**WHEREAS**, an analysis of Miami-Dade County’s self-insured health plan by RAND Health as laid out in Exhibit A, Draft Statement of Work, would assist the County in achieving cost savings while maintaining or improving the quality of its health plan,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board hereby:

**Section 1.** Approves the foregoing recitals and such recitals are incorporated in this resolution.

**Section 2.** Waives the requirements of the Master Procurement Implementing Order 3-38.

**Section 3.** Directs the Mayor or Mayor's designee to negotiate an agreement with the RAND Corporation in accordance with Exhibit A, Draft Statement of Work, identify a funding source for the payment of services provided pursuant to the agreement, and present such agreement to this Board for its consideration after negotiating same; provided, however, if the Mayor or Mayor's designee is unable to successfully negotiate the terms of an agreement with the RAND Corporation within 90 days from the effective date of this resolution, a report detailing the status of the negotiations shall be presented to this Board instead. The Mayor or Mayor's designee shall place the completed report on an agenda of the Board pursuant to Ordinance No. 14-65.

The Prime Sponsor of the foregoing resolution is Commissioner Juan C. Zapata. It was offered by Commissioner \_\_\_\_\_, who moved its adoption. The motion was seconded by Commissioner \_\_\_\_\_ and upon being put to a vote, the vote was as follows:

Jean Monestime, Chairman	
Esteban L. Bovo, Jr., Vice Chairman	
Bruno A. Barreiro	Daniella Levine Cava
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Dennis C. Moss	Rebeca Sosa
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

The Chairperson thereupon declared the resolution duly passed and adopted this 5<sup>th</sup> day of May, 2015. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.



Monica Maldonado

## EXHIBIT A

### Draft Statement of Work

**Summary of Proposed Approach:** RAND proposes to use claims data from the Miami-Dade County (MDC) group health plan to measure the negotiated prices paid to different medical providers for specific medical services. The overarching goal is to provide the leadership of MDC with a better understanding of the level, and the reasonableness, of the prices that have been negotiated by AvMed on MDC's behalf. This will support MDC's ongoing efforts to improve the value and efficiency of their health plan. The analyses would be similar to previous work led by Dr. White using claims data from employees and early retirees from the "Big 3" automakers.<sup>1</sup>

The proposed analysis will follow these steps:

1. RAND and MDC will enter into a Business Associate Agreement (BAA), as required by the Health Insurance Portability and Accountability Act (HIPAA). That agreement will specify the safeguards that RAND will put in place to protect the confidentiality of the data used in the analysis, and will permit RAND to use protected health information (PHI) from the MDC group health plan for the specific analyses described covered under the BAA.
2. RAND will receive detailed electronic claims data in a standard format for enrollees in the MDC plan, including professional and facility claims. (RAND does not propose to receive or analyze pharmacy claims data.) The claims data will include, at a minimum, all claims data from calendar 2014. If possible, claims data from two to three years (e.g. 2012 through 2014) could be used in the analysis, which would increase the level of detail that is possible. Depending on the terms of the BAA, these claims data could either be transferred directly from AvMed to RAND, or transferred from AvMed to MDC and then from MDC to RAND.
3. RAND will use the allowed amounts and specific types of services to compare the prices paid to different providers for a standardized set of services. This price comparison will take into account differences in the complexity, or case mix, of the services provided.
4. For each service, RAND will estimate the amount that Medicare would have paid for the same service, taking into account the specific service and the provider. These Medicare prices will be used as a benchmark for comparison.
5. RAND will use the service-level prices, and the Medicare benchmarks, from steps 3 and 4 to produce the deliverables.

**Deliverables:** RAND will produce two deliverables: a price database and a research report. The price database will consist of an Excel spreadsheet containing detailed provider- and service-specific data on the negotiated prices paid by the MDC plan. The spreadsheet will include separate tabs for broad types of services—e.g. hospital inpatient, hospital outpatient, physician office visits—and each row will identify the provider, the specific type of service, the number of services and the average allowed amount per service. The price database will also include Medicare price benchmarks. This price database will be "de-identified," as defined under HIPAA, meaning that it will not contain any information that could be used to identify individual patients. The research report will describe the methods used to produce the price report, and the key findings from the price report. The key findings will include

differences in negotiated prices paid to specific providers, and any important differences in prices paid to different types of providers (e.g. imaging services provided in a hospital outpatient setting versus those provided in a freestanding facility). Consistent with RAND's not-for-profit mission, the deliverables will be made freely and publicly available.

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<sup>1</sup> Reschovsky, J. D., and C. White. 2014. "Location, Location, Location: Hospital Outpatient Prices Much Higher than Community Settings for Identical Services." National Institute for Health Care Reform, June, No. 16, Online: <http://www.nihcr.org/Hospital-Outpatient-Prices>.

White, C., A. M. Bond, and J. D. Reschovsky. 2013. "High and Varying Prices for Privately Insured Patients Underscore Hospital Market Power." Center for Studying Health System Change, September, No. 27, Online: <http://www.hschange.com/CONTENT/1375/1375.pdf>.

White, C., J. D. Reschovsky, and A. M. Bond. 2014. "Inpatient Hospital Prices Drive Spending Variation for Episodes of Care for Privately Insured Patients." National Institute for Health Care Reform, February, Number 14, Online: <http://nihcr.org/Episode-Spending-Variation>.

White, C., J. D. Reschovsky, and A. M. Bond. 2014. "Understanding Differences Between High- And Low-Price Hospitals: Implications For Efforts To Rein In Costs." *Health Affairs* 33(2), 324-31, Online: <http://content.healthaffairs.org/content/33/2/324>.