

CHAMPAIGN COUNTY
Health Insurance Committee Minutes

Tuesday, June 4, 2013 – 3:00pm
Lyle Shields Meeting Room
1776 E. Washington St., Urbana, IL

MEMBERS PRESENT: Chris Alix, Donna Blumer, Deb Busey, Josh Jones, Angela Lusk, Debbie Mennenga, Michelle Mennenga, Brad Morris, Elizabeth Murphy, Josh Reifsteck, Nora Stewart, Steve Ziegler

MEMBERS ABSENT: Brent Frye, Stan Harper, Tea Jones, Barb Doyle-Little, Ed Sexton, Amanda Tucker
Steve Ziegler

OTHERS PRESENT: John Malachowski, Linda Lane

CALL TO ORDER

D. Busey called the meeting to order at 3:02 pm.

APPROVAL OF MINUTES

Motion by Murphy to approve the minutes of March 19, 2013, as presented; seconded by D. Mennenga. **Motion carried unanimously.**

ELECTION OF CO-CHAIR REPRESENTING LABOR

Busey stated that B. Mennenga will no longer be on the committee, therefore a new co-chair needs to be elected representing labor. Busey asked if labor wanted to elect a co-chair now or wait until the next meeting. She noted that AFSCME is under-represented at this meeting and it might be a good idea to wait until the next meeting. She suggested that they talk about it among themselves before the next meeting. It was asked if a new law enforcement representative had been appointed. Busey said not yet but expects that to happen before the next meeting.

OVERVIEW OF ACA & POTENTIAL IMPACT ON CHAMPAIGN COUNTY

D. Mennenga provided a handout with information regarding the Affordable Care Act. She went over the Play or Pay \$2,000/employee penalty. She noted that if the County did not offer health care coverage the penalty would amount to \$1,640,000/year (850 eligible employees – the first 30 employees = 820 employees x \$2,000). She noted that the current annual premium is \$5,100,000 (*difference of \$3,460,000*). Malachowski said that many employers who don't currently offer coverage are looking to provide it rather than pay the penalty. He said that most will pay less for coverage than they would in penalties. Mennenga next talked about the \$3,000/employee Affordable & Minimum Value penalty. She stated that single coverage contribution for the lowest cost plan cannot exceed 9.5% of

adjusted household income and went over some calculations for lowest hourly rate full time County employees. She asked Malachowski if deductibles and co-pays had to be included in the actuarial. Malachowski said they did for the Affordable and Minimum Value Plan. He stated that for an employer to be assessed the penalty, the employee must be charged more than 9.5%, must go to the exchange, and must be awarded a subsidy. Mennenga noted that the County is well the 9.5% mark now. She explained that a Minimum Value plan is a 60-40 plan where the plan pays at least 60% of medical costs. She also noted that because of the December renewal, the County can't be assessed any penalties until January 1, 2015.

Mennenga moved to the taxes and fees portion of the handout. She noted that these are charges that will be charged to the insurance companies, and then passed on to employers. She said the fees are based on plan membership, not number of employees. Malachowski said these fees are taxes on people who have insurance to help pay for health care reform. The first fee Mennenga mentioned was the PCORI Research fee, which is a fee to help fund Patient-Centered Outcomes Research Institute and is effective 10/1/12 but phases out in 2019. She said the fee is \$1 per member per year in year 1, \$2 per member per year in year 2. She noted that the County will have a payment due July 2014 for the plan year ending 9/30/13 for \$1,070 (2013 membership = 1070). Mennenga said there is a permanent fee that begins in January 2014 called the Annual Health Insurer Fee, which is 2.46% of premium. She noted this fee is calculated based on the current annualized fully insured premium. She said the County's annual premium is \$5.1 million, thus an annual fee of \$125,460. Malachowski that this fee is only assessed on fully funded plans but not on self-insured plans. Mennenga next mentioned the Transitional Reinsurance fee, which begins in 2014 and runs through 2016. It is a \$63 per member per year fee. She said that enrollment counts are due to HHS by November 15 each year. HHS will then provided notice of the fee liability by December 15 and the plan will have 30 days to pay. She said the fee is tax deductible. She said the fee for the County will be \$67,410 the first year (2013 membership 1070 x \$63). Malachowski said this fee is to offset individuals purchasing thru the exchanges. Mennenga stated that health care reform will cost the County \$200,000 per year.

Mennenga continued with the types of exchanges; State (run by the states in partnership with the federal government with states in charge of customer assistance) and Private (online stores providing multiples options run by the insurance industry). Malachowski noted that people running the exchanges won't be licensed, will have access to much personal information, and there is no protection against identity theft. He stated that if an employer pays less than 9.5% for an employee, that employee cannot go to the exchange for any subsidies. Alix asked if the County currently had any insurance requirements in place. Busey said they have never had requirements and that an employee can waive coverage and doesn't have to prove they have coverage thru a spouse or elsewhere. Mennenga said that a defined contribution strategy is another option. This is where the employer gives each employee a set amount of money to purchase benefits from private exchanges. She noted some advantages are employer cost control and more choices for employees. Malachowski said the issue will be what plans will be available to the employees because many insurers are waiting before putting multiple plans out there. He said this option could a step back and doesn't see that there will be many choices until the reform gets going more. Mennenga noted that there are some disadvantages as well as questions and said that this option needs at least six months to analyze and implement. She listed several items that are necessary for analysis. She also said she listed some websites that have some good information, including the Kaiser Family Foundation, which seems to

be an unbiased source of information. Malachowski said that he doesn't feel the County would ever be assessed the \$3,000 penalty. Alix asked if the insurance through the exchanges is post-tax. Malachowski said it was. He also stated that the data collected so far is mainly from employers with 250+ employees.

Mennenga discussed the new \$205 facility fee that Carle began charging on June 1. She noted that the co-pay will go up by \$41 as a result. Malachowski said that this charge is under other planned services and will count towards the out-of-pocket maximum and will be part of the HRA. Busey commented that healthy people will pay twice as much in co-pays because they will never meet the out-of-pocket maximum. Malachowski stated that this is a fee being charged by hospital-owned clinics. He said that because Christie isn't associated with any hospital, they will probably not be able to charge this fee. Mennenga said that Carle has made all of the clinics outpatient facilities of the hospital. She noted that if employees start going to Christie because of this that the claim amounts will be higher (the discount at Christie isn't as high as at Carle) and that premiums will go up in the future. Alix brought up the on-site clinics that were mentioned at a previous meeting.

CLAIMS REVIEW THRU APRIL 2013

Malachowski discussed the claims through April 2013. He noted that the current loss per member per month is greater than at this time last year. He continued by stating that the number of large claims had improved slightly from last year. Malachowski also said that the HRA is running slightly ahead of the same period last year. He reminded everyone that the funding for the HRA is at 20% of claims and that the heavy part of the year is still ahead. He feels the County will hit every bit of the 20% amount.

Malachowski mentioned that the Carle doctors have signed an agreement with Blue Cross Blue Shield (BCBS). He feels this will be an advantage for the County at renewal time. He noted, however, that primary care physicians in Champaign and Danville aren't part of the agreement, just the specialists. He said that primaries should be added down the road. Malachowski said that as reform progresses there will probably only be six or so large insurance providers. He noted that the BCBS discounts still aren't as good as the Health Alliance ones, but that BCBS being involved at renewal could force Health Alliance to be more aggressive at renewal. He said the reform has its positives, but that it doesn't address the costs of healthcare.

NEXT MEETING

Malachowski suggested June 25, August 5, 12, 19 & 26, and September 3 for future meetings. He noted that they may not have to meet every week in August. He stated that he should have a renewal by August 8. Busey asked if they moved the next meeting to July 16 rather than June 25 if he would have the June claims numbers. Malachowski said he would. Busey stated that the next meeting will be July 16, 2013 at 3:00 pm in the Shields Room and asked everyone to put the August and September dates on their calendars.

OTHER BUSINESS

Brad Morris said that as part of a wellness program, he has been on the Transformations Diet at Christie. He said he was approached by Ashley at Christie about talking to the County about the program. He said he was told that if there were enough people who signed, Christie would come to the County for weigh-ins, food delivery,

meetings, etc. rather than having each person go to Christie for individual appointments. D. Mennenga asked how many had to sign up for that to happen. Morris said he thought it was 20, but would check with Ashley to make sure. D. Mennenga asked if they offered support after goals were met. Morris said yes, that there are different phases to the process along with classes, support groups, and meetings. He said he thought it might be a good option if the County decided to offer a wellness program.

Malachowski provided a handout of a Wellness Tool Kit and suggested that the committee come up with some ideas and discuss.

ADJOURNMENT

Meeting declared adjourned at 4:15 pm.

Respectfully submitted,

Linda Lane
Administrative Assistant