



Labor/Management Health Insurance Committee

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4 **MINUTES – APPROVED 8/20/2013**

5 **Date:** Tuesday, August 13, 2013
6 **Time:** 3:00 p.m.
7 **Place:** Jennifer Putnam Meeting Room
8 Brookens Administrative Center
9 1776 E. Washington St.
10 Urbana, Illinois

12 **Committee Members**

13 **Present:** Chris Alix, Deb Busey, Debbie Heiser, Amanda Tucker, Nora Stewart, Josh Jones, Tea Jones, Barb
14 Doyle-Little, Betty Murphy, Angela Lusk, Doug Bluhm, Ed Sexton, Brad Morris
15 **Absent:** Donna Blumer, Stan Harper, Michelle Mennenga, Steve Ziegler
16 **Others:** John Malachowski, Beth Brunk

18 Call to Order

19 Ms. Busey called the meeting to order at 3:05p.m.

21 Approval of Minutes from August 6, 2013 Meeting

22 **MOTION** by Amanda Tucker to approve the August 6, 2013 minutes from the Labor/Management Health Insurance
23 Committee; seconded by Debbie Heiser. Upon vote, the **MOTION carried** unanimously.

25 Co-Chair Representing Labor

26 The Committee members representing Labor had not made a decision on who will be their Co-Chair on this Committee.
27 Labor Committee members will convene after this meeting to discuss their nominee.

29 Alternative Quotes on Health Plans

30 John Malachowski discussed the status of Health Care Providers who would be interested in providing quotes for
31 Champaign County's employee health-care coverage:

- 32 • Humana – not interested
- 33 • Coventry (Aetna) – not interested as they would be at a pricing disadvantage with Health Alliance Medical Plans
34 (HAMP)
- 35 • United Health Care – not interested in a fully-insured Plan but will provide a quote for a self-insured plan or ASO
36 (Administrative Services Only) plan
- 37 • Blue Cross Blue Shield – will quote both fully-insured and ASO plans
- 38 • HAMP – will quote both fully-insured and ASO plans

39 Mr. Malachowski commented that the field of providers is narrowing. HAMP is able to offer a significant discount so that
40 other medical insurance providers cannot profitably compete.

42 Blue Cross Blue Shield (BCBS)

43 BCBS will cover Carle specialist doctors and primary-care doctors in Monticello and Mahomet. However, BCBS classify
44 primary-care doctors in Champaign-Urbana and Danville as out-of-network physicians. Since the primary-care doctors are
45 not under contract, the claims costs will be higher. Mr. Malachowski guessed that Carle's primary-care doctors have not
46 contracted to BCBS in-network due to the difference in discount rates. Mr. Malachowski has a concern that BCBS will be
47 quite aggressive with their initial bid to get the County's business then raise the cost significantly in the second year.

1 Health Alliance Medical Plans (HAMP)

2 Mr. Malachowski met with HAMP officials today. They indicated some ability to adjust their original proposal of 16.5%
3 increase for a 13-month fully-insured plan. HAMP will be examining the County's July claims data to see if they will
4 significantly impact the formula. With the perceived competition from BCBS, HAMP will probably modify their number to
5 the 11% range with the same plan. Considering the ACA taxes, the real number is approximately 7.5-8% for 13 months.
6 Mr. Malachowski will meet with HAMP later this week to confirm the number.

7
8 Fully insured current annual premium \$5,600,000
9 Plus County funding of HRA expenses 250,000
10 Total Payment to HAMP for County plan \$5,850,000
11

12 Options to Reduce Insurance Costs for County

- 13 1. Increase employee contribution
14 2. Make small plan changes such as:
- 15 a. Change plan from an 80/50 to 70/50 – both would have the same impact for the employee – maximum out-
16 of-pocket expense of \$3,000 less the \$1,500 HRA payment leaving the employee portion at \$1,500 but this
17 option will increase the HRA cost at a faster rate.
 - 18 b. Increase the HRA cost from \$250,000 to \$300,000 – premium difference is 1.2% - not much savings
 - 19 c. Change the prescription benefit from \$7(generic)/\$25(brand name on formulary)/\$50(not on formulary) to
20 \$7/\$35/\$75. County data indicates that 78% of all prescriptions are generic which would mean no change in
21 co-pay. The other 22% will pay either \$10 or \$25 more per prescription. This strategy will produce a
22 \$150,000 in saving without a change in exposure to the HRA limit. Ms. Busey asked for a report on the
23 number of employees that would be affected by the increased co-pay in prescriptions.
24

25 Affordable Health Care Act (AHCA) Changes to Medical Plans

26 Effective 1/1/14, AHCA will mandate that all expenses including prescription expenses will be deducted from the out-of-
27 pocket costs for individuals. Currently in the County's plan, the drug co-pays do not affect the out-of-pocket costs. This
28 change will increase the HRA claims. Since the County's plan begins on 12/1/13, it will not be affected by the AHCA until
29 1/1/15.
30

31 Self-Insured or ASO Plan

32 Both the fully- or self-insured plans have similar rates at this time. The benefit of an ASO plan is when the plan has a
33 good year without sizable claims; then the money that is saved will be rolled into the following year. A Health Insurance
34 Fund balance goal would have to be established. An estimate for a year of high claims costs would be determined to see
35 if it is a viable option for the County. Mr. Malachowski stated that fixed costs in an ASO are approximately 10% of the
36 plan and the remainder 90% is claims. Any shortfall in the fund balance would have to be built back up in the following
37 years. A year of profit for the fund could mean a concentration on wellness activities or possible bonuses. The appeal
38 process for claims will be governed by the insurance plan document that is developed by the County. Mr. Malachowski
39 cautioned that the reinsurance carrier agreements must be carefully examined to ensure coverage at individual and
40 aggregate stop loss levels for ASOs. There may be future legislation which will add fees to ASOs as more businesses trend
41 to the self-insuring model. Potential opportunities for ASOs include contracting with specific clinics for lower cost
42 medical services. Mr. Malachowski will research the additional expenses for a County ASO plan at the next meeting.
43

44 Next Meeting – August 20th

45 Mr. Malachowski should have more proposals from the insurance providers, so it is important that Committee members
46 try to attend the next meeting on 8/20/13 at 3:00 p.m. in the Lyle Shields Meeting Room.
47

48 Other Business

49 None
50

51 Adjournment

52 Ms. Busey adjourned the meeting at 4:15 p.m.