

CHAMPAIGN COUNTY
Health Insurance Committee Minutes

Tuesday, August 27, 2013 – 3:00pm
Lyle Shields Meeting Room
1776 E. Washington St., Urbana, IL

MEMBERS PRESENT: Chris Alix, Doug Bluhm, Deb Busey, Debbie Heiser, Josh Jones, Tea Jones, Barb Doyle-Little, Angela Lusk, Michelle Mennenga, Brad Morris, Elizabeth Murphy, Josh Reifsteck, Ed Sexton, Nora Stewart, Amanda Tucker, Steve Ziegler

MEMBERS ABSENT: Donna Blumer, Stan Harper

OTHERS PRESENT: John Malachowski, Linda Lane (recording secretary)

CALL TO ORDER

D. Busey called the meeting to order at 3:01 pm.

APPROVAL OF MINUTES

Motion by Lusk to approve the minutes of August 20, 2013, as presented; **seconded** by Sexton.
Motion carried unanimously.

FY2014 RENEWAL REVIEWS

Malachowski starting by noting what a difference a week makes. He provided a handout showing revised rates from Health Alliance (HA), noting that the original proposal was a \$900,000 increase whereas this one is about a \$460,000 increase. He commented that Gallagher has had conversations with HA and they are taking the perceived threat of Blue Cross Blue Shield (BCBS) seriously. Malachowski noted the handout also had adjustments to the HRA plan. Malachowski felt that if the committee accepts the plan then the HRA deficit that occurred this year will be covered. He pointed some options for the HRA that would make a transition to self-insured easier with more money in the HRA.

Malachowski noted that one of the only options left with HA is to adjust the HRA. He noted that the committee added a reimbursement last year for urgent care co-pays. He stated that he'd asked BPC how much had been paid out for those claims and was told about \$6,000. He thinks the final number will come in around \$10,000. He pointed out that they can save money if they discontinue that reimbursement. He also mentioned the possibility of changing the drug card co-pay. He noted that there will be a little savings but wasn't sure it was enough to make the change. Malachowski noted that 16% of members would be affected by a change in the 2nd and 3rd tiers. He noted that is about 180 people, 100 of whom have four or more prescriptions. Tucker asked if that was per month. Malachowski said yes.

Malachowski stated that HRA exposure so far this year is \$1.3 million and he thinks it will end up with a 21% utilization. He noted that 48 people have already maxed out. He commented on some proposed changes in the reimbursement caps and noted that the maximum that could be saved is slightly under \$48,000. He said that heavy users would end up paying \$2,000 instead of the current \$1,500. He projects that utilization would be higher with no change to the medical plan, but reimbursement from BPC would be \$100,000/\$200,000.

Discussion moved back to drug coverage. Bluhm said he didn't think it was worth it to change. Busey and Mennenga both agreed. Malachowski noted that some drugs could move from 3rd tier to 4th tier. Tucker asked if there was legislation that put caps on out-of-pocket expenses. Malachowski said that it has been delayed for one year. He noted that plans that have the same company managing their medical and pharmacy will have an out-of-pocket limit of \$6,300 in January 2015. He stated that plans that have different companies managing medical and pharmacy have been given an additional year to make sure that their systems can communicate. Alix asked if the \$6,300 was the total medical and pharmacy. Malachowski said it is co-pay for both medical and pharmacy.

Mennenga asked about discontinuing convenient care. Alix felt that it allowed for fewer people having to leave work. Mennenga said that it is hard to get kids into their regular doctors even when they are sick. Busey mentioned the possibility of reducing the HRA and would prefer to talk about reducing the

convenient care reimbursement, noting that it could save some money and they could keep the HRA at \$1,500. Malachowski pointed out that the convenient care co-payments do count towards out-of-pocket expenses.

Malachowski moved to the self-insured option and noted that last week they had talked about lasers. He talked to HA and asked why they would put a laser on an ASO but not a fully insured. He stated that HA agreed that any fully insured current customer wanting to move to self-insured should not be subjected to lasers. Malachowski said this option is similar to the current plan with the HRA. He pointed out that fixed costs would be about \$600,000 and that the maximum claim exposure before the aggregate kicks in would be \$7.3 million, for a combined maximum cost possibility of \$7.9 million. He felt actual would be more around \$6.4 million. He thought the current plan would come in at \$6.2 million. He believes the ASO would cost about \$200,000 more and that either option would work. He suggested staying fully insured for another year and be prepared to go self-insured the following year.

Malachowski stated the County would want a 13/16 contract that would allow a run-out period for claims to be paid. Alix asked about re-insurer costs. Malachowski stated that in the 2nd year of an ASO there would be a paid contract with a re-insurer. Alix felt the only reason to go self-insured is if they know the claims can be kept down.

Malachowski provided a handout comparing the BCBS proposal to HA. He said this is the closest to the current plan as possible. He pointed out that this is an in-network/out-of-network plan and that the Carle primary physicians are out-of-network. He also noted that the amount that goes towards the out-of-pocket expense is the discounted charge. Malachowski said there is currently no vendor that can take claims from primary physicians electronically. He commented that this proposal looks similar to the HA original proposal. Busey commented that it might be good to stay fully insured for next year and then see what BCBS has at next year's renewal. Malachowski said that claim lag at HA is about 1-½ months compared to eight days for BCBS. He felt that if BCBS can get Carle primary physicians next year that they would be a formidable option. Malachowski also said he doesn't feel the BCBS ASO option made sense, nor did the HA ASO option with the changes that were made to the renewal. He felt it came down to the HA fully insured plan with the possibility of eliminating the convenient care co-pay reimbursements, making changes to the HRA, and keeping the current drug card plan.

Busey asked if they would be ok with \$275,000 for the HRA since this is a 13-month contract. Malachowski suggested it might be better to go with the HRA at 25% to help build the fund. Zeigler commented that there is real potential for savings if change the HRA to 25% and the maximum reimbursement to \$1,000/\$2,000. Bluhm asked if they were thinking of going self-insured did it make sense to increase the HRA. Busey felt if they went higher than 25% then it would just mean that the County would be putting more money in. Malachowski suggested that if they decide to go self-insured next year that they meet more frequently to write the plan the way they wanted it to look. He said it can include a wellness program, smokers surcharge, etc. Busey asked what the time needed would be. Malachowski said the plan would have to be completely written by the end of June at the latest. He noted that if Gallagher is retained, they would be the one to write the RFP.

UPCOMING MEETING DATES

Busey stated that the next meeting would be **September 3, 2013** to make a decision on their recommendation.

OTHER BUSINESS

None

ADJOURNMENT

Meeting declared adjourned at 4:18 pm.

Respectfully submitted,

Linda Lane
Administrative Assistant