



Labor/Management Health Insurance Committee

MINUTES – APPROVED AND DISTRIBUTED 07/30/15

Date: Tuesday, July 14, 2015
Time: 3:00 p.m.
Place: Lyle Shields Meeting Room
Brookens Administrative Center
1776 E. Washington St.
Urbana, Illinois

Committee Members

Present: Chris Alix, Deb Busey, Barb Doyle-Little, Debbie Heiser, Tea Jones, Michelle Mennenga, Brad Morris, Betty Murphy, Tami Ogden, Dwayne Roelfs
Absent: Astrid Berkson, Donna Blumer, Stan Harper, Josh Jones, Angela Lusk, Josh Reifsteck, Nora Stewart, Steve Ziegler
Others: John Malachowski (Gallagher Benefit Services), Tammy Asplund (recording secretary)

Call to Order

Ms. Busey called the meeting to order at 3:04 p.m.

Approval of Minutes from May 19, 2015 Meeting

MOTION by Mr. Alix to approve the May 19, 2015 meeting minutes from the Labor/Management Health Insurance Committee; seconded by Mr. Morris. Upon vote, the **MOTION CARRIED** unanimously.

Summary Report 2015 Health Fair

Ms. Heiser reported that 125 people participated. This was an increase of 25 people from last year; despite the bad weather. Approximately \$1,000 was spent on the event, with 14 vendors participating. The Treasurer & Auditor tied for most employees who participated. Several suggestions have been made for next year:

- More massage therapists (will participate in fall open enrollment at the nursing home)
- Animal therapy (seeing-eye dogs, hearing dogs, companion dogs)
- Life coaches
- Fitness centers (contacted several for this year, but only 2 participated)

Preliminary Renewal Proposal

Mr. Malachowski reviewed updated claim information and provided handouts. He encouraged the committee to exercise confidentiality; while names & identifying information has been redacted, conditions listed could be connected to an individual

In summarizing the information contained in the handouts, he noted that the overall plan losses are greater since the last report (682K vs 571K), but losses per member, per month are better. He also stated that the number of people whose claims have met the \$30K mark has increased from 15 to 18 since the last report; resulting in an additional \$115K in claims.

Mr. Malachowski continued his presentation with a review of the 2016 Renewal #1 from Health Alliance; noting that the 23.77% increase is being driven by large claims. If no changes are made in the plan, he believes the county can negotiate a 12% increase without ACA; closer to 15% with ACA.

Mr. Malachowski informed the committee he has sent account out for market to Blue Cross/Blue Shield and United Healthcare. He may add Coventry (need clarity regarding Aetna, Humana). He stressed the need to talk about plan design and asked whether a 15% increase is sustainable for the County's budget. Ms. Busey believes we need to get this number lower & also agrees we need to talk about plan design change & what impact might be.

Ms. Busey stated that all General Fund departments must cut 4% from budget for 2016 because revenues are not coming in as projected and will not sustain larger growth. Anything more than 10% in health insurance will require additional cuts in other areas of the budget.

Mr. Malachowski also reviewed a summary of current plan design (handout). The county currently offers a 2-part plan (Health Alliance & HRA through BPC).

- \$0 deductible for general services.
- \$3000 out of pocket maximum (individual)
- \$1250 reimbursement of the out of pocket; net impact of \$1750 per person (annually)

Mr. Malachowski asked if the committee had an idea what the desired OOPM / Deductible is. Mr. Alix responded by saying without knowing the impact on the premiums, that question can't be answered. There was additional discussion about potential outcomes to making changes to the OOPM and HRA caps. Adding a deductible to the plan was suggested by Debbie Heiser.

According to Mr. Malachowski, under ACA, deductibles (on a fully-insured plan like this) have to feed out of pocket. This results in a minimal change in the cost of the plan because the exposer to the insurance company does not change (when the OOPM remains the same). HRA options offer a better savings proposition. The premiums for a plan without an HRA have been historically higher than a lower cost plan plus what is paid in HRA expenses. 40% of employees annually do not incur \$1000 in expenses. Health Alliance offers 80+ plan options; many of which do not have copays for meds.

Ms. Heiser stated the county offers a Medicare Advantage Plan to retirees with a deductible on Tier III medications. This is another option to consider.

Mr. Malachowski introduced an alternate plan proposed by Health Alliance:

- Same copays
- Same prescription copays
- OOPM changes to \$5000
- Rate goes from 23% to 12% (without any additional negotiation)

Mr. Malachowski has requested information (in the last 36 months) regarding the employees that would be impacted (those who met the max). Ms Heiser asked what the stop loss is. Mr. Malachowski replied 150.

According to Mr. Malachowski, other potential insurance carriers will use the same data Health Alliance is using to evaluate/quote premiums. Ms. Murphy noted that this account may be viewed as a loss leader in order to ensure future business.

Mr. Talachowski is meeting with Health Alliance underwriting on Friday, July 24th. He intends to have "Renewal # 2" by the next LMHIC meeting on July 28th.

Discussion by the committee followed regarding the perception of health care as an employee benefit. Health insurance accounts for 20% of an employee's compensation.

Mr. Malachowski referenced the Cadillac plan tax. In ACA, it will become effective in 2018. Plans will be assessed a 40% excise tax (\$10,200 per employee threshold, based on Total premium, FSA, HRA) because the plan is “too rich”. This needs to be considered for all future plan options we review. A product similar to what is offered currently by the county is not available for individual purchase (under the terms of ACA). The Cadillac tax was intended to raise revenue to pay for the costs to implement ACA in 2010.

Ms. Busey requested a report (regarding the HRA) detailing the payout has been (for each covered life). Would like to analyze the instances where the county has paid the \$1750 to determine what the impact would be to require the insured to pay that \$1750 first. Mr. Malachowski believes this information can be obtained. This would assist the analysis of increasing the OOPM. Mr. Malachowski will request two reports from Health Alliance: Historical & current year on up-front copays for HRA payments vs 20% co-insurance for HRA payments.

Other Business

None

Next Meeting

Scheduled for July 28. Ms. Busey asked the committee members to encourage those members who were absent today to attend the next several meetings; as there is much to discuss before a decision is made.

Adjournment

Ms. Busey adjourned the meeting at 4:07 p.m.