

CHAMPAIGN COUNTY
Health Insurance Committee Minutes

Tuesday, August 20, 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 3:00 pm.

APPROVAL OF MINUTES

Motion by Stewart to approve the minutes of August 13, 2013, as presented; **seconded** by Bluhm. **Motion carried unanimously.**

ELECTION OF CO-CHAIR REPRESENTING LABOR

Busey asked if labor had decided on someone as co-chair. **Motion** by Morris to nominate Lusk as co-chair; **seconded** by Stewart. **Motion carried unanimously.**

FY2014 RENEWAL REVIEWS

Malachowski started by saying that Health Alliance looked at one more month of claims and based on that said they would not be making any change to their numbers. He mentioned lasers on ASO plans and said it is something they've never talked about before. He explained a laser is when a re-insurer looks at increasing individual deductibles for certain members of the plan. He noted that the re-insurer looked at the 10 highest claims and wants to add lasers to five. He stated that when all possible lasers are added there would be \$1 million in additional claims for the County. He said that changing the HRA to \$300,000 didn't significantly change the exposure.

Malachowski felt the self-funded option is out at this point. He stated that an ASO will have an exposure of \$8-9 million, which is nowhere near current exposure. Malachowski said that BCBS has no lasers, but their administrative rates are higher to compensate. He said that he will need to share the claims information with BCBS.

Malachowski provided comparison handouts. He explained that the HRA numbers are what they think the plan will come in at, creating a \$19,000 deficit. He recommends that if the committee accepts the renewal with no changes in the plan they set the rates going forward high enough to generate \$6.1 million. Malachowski noted another option is to keep the same plan but change the co-insurance from 80% to 70%. He noted that there will be a reduction in rates but an increase in HRA exposure. Malachowski felt it didn't make sense to take the lower premium with a possible HRA exposure at 30%. He stated that Gallagher felt at best the HRA exposure would be 25% and still didn't feel it made sense to take the lower premium. Malachowski moved to the second comparison and explained this keeps the plan the same but changes the drug plan to \$7/\$35/\$70. He noted that this option will cost \$40,000 more at a 30% HRA. Malachowski felt that changing plans or drug options doesn't produce significant savings.

Alix asked what the increase in claims was. Malachowski answered about 15%. He noted that 3½% of the increase is ACA taxes they can't do anything about. Alix asked what was wrong with BCBS. Malachowski answered nothing yet, but they won't treat Carle primary doctors as in-network. Alix asked for clarification that they won't have to re-insure for office visits. Malachowski stated that was correct. Malachowski explained the BCBS fully insured plan is 12½% higher than Health Alliance but isn't the same as the current plan. He said that plan has a \$500 deductible with 80/20 and a \$2,000 out-of-pocket maximum. Busey asked if they factored in the HRA in that \$2,000. Malachowski answered no and said

the current out-of-pocket is \$3,000 with \$1,500 paid by the HRA. Busey asked if they couldn't do an HRA with BCBS. Malachowski said they can. Busey suggested the HRA could pay \$500 and the employee would still be paying \$1,500. Heiser commented that Carle doctors aren't in network with BCBS. Alix asked if the Carle facility fee is part of in-network. Malachowski said yes. Busey asked if the numbers given last week were actual or estimated. Malachowski said actual. He noted that the plan is for 13 months but the ACA taxes would only be on 12 of those months since they don't start until 2014 and the plan starts in December 2013.

Alix asked if it would do any good to pursue BCBS. He wanted to know if they had any leverage or if they would just have to sit and take Health Alliance. Malachowski said that Health Alliance told him to provide comparable quotes and they would look at their numbers again. Heiser asked if Health Alliance had lasers on any of the claims. Malachowski said no. Alix asked if they could get into a re-insurer pool rather than as an individual group. Malachowski said no. Tucker asked if could bid differently on fully insured to have just Carle or just Christie doctors. Malachowski said Health Alliance has both or just Carle, but that there isn't any advantage.

Malachowski suggested looking at employee contributions at this point. Busey said they can't do that because of labor contracts in place. Malachowski then suggested looking at changing co-payments. Busey asked about a deductible plan. Malachowski said that Health Alliance has no POS-C plan with a deductible, and that switching to a PPO plan will create higher premiums. He felt there wasn't much more they could do with Health Alliance, but they still had the option of looking at the BCBS patch.

Jones commented that Health Alliance has a hold in this area. He said with lasering creating an additional \$1 million that will create a \$100 pmpm increase, but the County won't be reimbursed for \$600,000 because of fixed employee costs. He wondered if that didn't decrease the County's actual liability to \$400,000. Tucker asked if once there is a laser if it can be removed. Malachowski said the re-insurer looks at the claims every year and decides if they will keep or drop the laser.

Bluhm asked what the premium is for ASO. Malachowski said the maximum liability on a self-insured plan is about \$8.1 million. On the fully insured plan with the HRA liability the maximum liability would be about \$6.1 million. Busey said knowing they have fixed premiums there isn't much they can do. She asked the committee to consider dropping the HRA amount. Alix said he isn't opposed to still looking at becoming self-insured. Busey commented that the group needs to consider the issue of primary doctors. Malachowski said the Christie doctors are in-network for BCBS. He noted that the current HRA is only for in-network claims. Murphy asked what out-of-pocket expenses were for other companies Gallagher had. Busey referred to the Rock Island County study and noted that most other counties have higher out-of-pocket expenses and deductibles.

Alix commented that health care costs are eating more of the budget so other services can't be provided. He noted that costs are increasing at a faster rate than revenues. He also commented that the current plan is almost self-insured now. Busey said the difference is that they don't have a fund balance to start with.

Malachowski said he will look at the impact of changing the HRA and bring to the next week's meeting. He said he should also have numbers from BCBS for ASO and fully insured plans.

UPCOMING MEETING DATES

August 27 and September 3, 2013. Meetings are at 3:00pm in the Lyle Shields Meeting Room at the Brookens Administrative Center.

OTHER BUSINESS

None

ADJOURNMENT

Meeting declared adjourned at 4:14 pm.

Respectfully submitted,

Linda Lane
Administrative Assistant