



## Labor/Management Health Insurance Committee

### MINUTES – APPROVED AS DISTRIBUTED 8/12/14

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**Date:** Tuesday, July 22, 2014  
**Time:** 3:00 p.m.  
**Place:** Lyle Shields Meeting Room  
Brookens Administrative Center  
1776 E. Washington St.  
Urbana, Illinois

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#### Committee Members

**Present:** Chris Alix, Astrid Berkson, Donna Blumer, Deb Busey, Debbie Heiser, Josh Jones, Tea Jones, Angela Lusk, Betty Murphy, Brad Morris, Ed Sexton,  
**Absent:** Doug Bluhm, Barb Doyle-Little, Stan Harper, Michelle Mennenga, Josh Reifsteck, Nora Stewart, Steve Ziegler  
**Others:** John Malachowski (Gallagher Benefit Services), Beth Brunk (recording secretary)

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#### Call to Order

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

#### Approval of Minutes from June 10, 2014 Meeting

**MOTION** by Mr. Sexton to approve the June 10, 2014 meeting minutes from the Labor/Management Health Insurance Committee; seconded by Ms. Heiser. Upon vote, the **MOTION CARRIED** unanimously.

#### Discussion of Insurance Options for 2015

Ms. Busey reported that Intergovernmental Personnel Benefits Cooperative (IPBC) has not met with the County since the initial proposal – approximately a 29% increase over current rates. She is hopeful that a more competitive proposal will be forthcoming to consider for FY2015.

The Committee received a proposal from Dimond Bros./Insurance Program Managers Group (IPMG)/Illinois Counties Risk Management Trust (ICRMT). IPMG/ICRMT is the County's current self-insured liability and workers' compensation carrier. Mr. Malachowski compared quotes from the IPBC, IPMG and Health Alliance Medical Plans (HAMP) fully-insured plan:

	<u>Current HAMP</u>	<u>Renewal HAMP</u>	<u>IPMG 12/12 125k</u>	<u>IPBC</u>
Basic Premium	5,417,832	5,999,304	5,444,628 (expected) to	7,003,080
Annualized			6,640,376 (max)	

Each plan proposal will increase by \$257,340 if HRA is included. The specific deductible (coverage of claims in excess of a specific amount) to compare the proposals was \$125,000. To derive the Expected Claims value, the Maximum Claims number is multiplied by 80%.

HAMP's first renewal quote increased current rates by 10.7% of which 4.38% is attributable to Affordable Care Act (ACA) taxes and fees. Mr. Malachowski anticipates that the final HAMP renewal will be negotiated down to approximately a 5% increase over current rates.

The self-insured IPMG quotes include two options of 12/12 (claims incurred within 12-month period, paid in 12 months) or 12/15 (claims incurred within 12-month period, paid within 15 months). The 12/12 self-insured option has an artificial savings in the first year of a self-insured plan where claims payable after the 12-month period are pushed into the following plan year. The "delayed" claims catch up in the last self-funded plan year.

Ms. Busey suggested that if the Committee decides to go to a self-insured plan, the commitment should be for more than one year. The 12/12 plan would be the cost for the first year, but the County should build up a fund balance for the difference between the 12/12 and 12/15 plans for the last year. Mr. Alix agreed that if the County adopts a self-insured route, the assumed time horizon should be for 5 years and 1/5<sup>th</sup> of the difference between 12/12 and 12/15 plans should be allocated each year.

IPMG offered two HealthLink networks: Open Access II and Open Access III. Open Access II does not include Carle doctors so employees who want to use Carle would have to pay higher out-of-network costs or switch to Christie. Mr. Malachowski priced the cost comparison with HealthLink Open Access III which includes Carle doctors.

Mr. Malachowski noted that IPMG's claim of a 54% discount in the Central IL Market may be too optimistic for our area. For comparison, HAMP has a 65% discount rate in the Champaign-Urbana area. Mr. Malachowski suggested adding an additional \$400,000 to the IPMG expected cost to be more accurate to the County's actual claim figures. Rebates from the Pharmacy Benefit Manager (HAMP & IPMG both use Catamaran) are for brand name drugs instead of generic drugs.

Mr. Malachowski indicated that there are two fees that are in the proposal from HAMP not included in IPMG:

- Transitional reinsurance fee – last year it was \$63/year/member (ACA fees)
- PCORI fee (Patient-Centered Outcomes Research Institute Fee) - \$2/year/member

Mr. Malachowski has not received a self-insured quote from HAMP. Ms. Berkson commented that the extra liability in a self-funded plan is not worth it in this single-provider environment. Mr. Alix wondered if the annual cost increases for services would be less in a self-insured plan – that could be the potential benefit of self-insured versus fully-insured. Mr. Alix stated that the Committee should continue to examine the self-insured option but it seems that the current marketplace does not justify it at this time. He was optimistic that the IPMG self-funded proposal could be a viable alternative in the future. Ms. Busey noted that IPMG includes all our doctors. If the County chooses self-funding, Ms. Berkson stated that we could design the plan as we want it and eliminate the HRA to save money.

Mr. Alix wondered why IPBC had such high numbers. Mr. Malachowski thought IPBC was looking at United Healthcare network which does not include the Christie doctors. Ms. Busey understood that IPBC is intending to submit another proposal after doing more due diligence on this central Illinois region. A sub-pool has been established including Charleston, Arthur, Arcola, Mattoon and possibly the City of Urbana. The first year in IPBC will not yield a dividend. The higher premium cost is similar to a buy-in assessment.

Mr. Malachowski will continue to negotiate with HAMP to get the last, best offer from HAMP for the current plan design. Once that renewal number is known, the Committee will decide if the plan design needs to be changed to reduce the premium. Mr. Malachowski will finalize the HAMP renewal premium in two weeks. Ms. Heiser was directed to call IPMG to see if their quotes can be reduced.

#### Next Meeting

The next meeting will be Tuesday, August 12<sup>th</sup> at 3:00 pm in the Lyle Shields Meeting Room.

#### Other Business

None

#### Adjournment

Ms. Busey adjourned the meeting at 4:25 p.m.