



Labor/Management Health Insurance Committee

MINUTES – APPROVED AS DISTRIBUTED 3/31/15

Date: Tuesday, January 20, 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, Van Anderson, Astrid Berkson, Donna Blumer, Deb Busey, Stan Harper, Debbie Heiser, Barb Doyle-Little, Tea Jones, Angela Lusk, Michelle Mennenga, Betty Murphy, Nora Stewart
Absent: Josh Jones, Brad Morris, Josh Reifsteck, Ed Sexton, Steve Ziegler
Others: John Malachowski (Gallagher Benefit Services), Tami Ogden (recording secretary)

Call to Order

Ms. Busey called the meeting to order at 3:03 p.m.

Approval of Minutes from August 19, 2014 Meeting

MOTION by Ms. Stewart to approve the August 19, 2014 meeting minutes from the Labor/Management Health Insurance Committee; seconded by Ms. Lusk. Upon vote, the **MOTION CARRIED** unanimously.

Report on Health Insurance Plan Utilization & HRA Utilization for FY2014

Mr. Malachowski gave a summary of the plan for the last three policy years. Last year, which was a 13-month period, a total of \$5.1 million in medical claims was paid by the plan. The cost for the same period was \$5.776 million, which includes Health Alliance's cost for claims processing. The net profit to the company was \$36,000, and Mr. Malachowski indicated it was very close to a break-even year. The average monthly membership for the county was down in terms of number of employees; however, up in terms of number of dependents. Mr. Malachowski explained that individuals who had children only, found it more economical to insure dependents through the county as opposed to individual plans. The HRA (Health Reimbursement Arrangement) paid out \$219,000 last year, which equates to a total annual plan expense of approximately \$5.995 million dollars. Mr. Malachowski compared the plans annual expenses to the cost of a self-funded plan and found that a self-funded plan would have cost \$5.998 million. This indicates that the county's plan is priced appropriately.

Ms. Busey stated that the report was positive, and that based on the report, the county should be able to continue negotiating reasonable premiums with Health Alliance. In response, Mr. Malachowski said that the county performed as expected by Health Alliance.

A report on prescription drug usage was given by Mr. Malachowski and he indicated that the types of medicines that are being prescribed are similar to other entities of the same size. Statins are the number one type of prescription drug that are being prescribed under the plan. Eighty-eight percent of all prescription claims are being filled with generic drugs. He indicated that this is an extremely positive number from a plan-cost standpoint and that communication to employees about the benefit of utilizing generic drugs is essential.

Ms. Busey asked about the impact of recent legislation that requires co-pays for prescriptions to apply to the out-of-pocket maximum. She expressed concern about the increase in premiums that may result from the new legislation. Mr. Malachowski said it is hard to determine the effects of this legislation. Mr. Alix commented that the overall dollar amount probably is not that significant, based on the fact that many of the prescriptions do not exceed the \$3,000 cap.

A report on the amount of discounts that were provided was presented by Mr. Malachowski and he indicated that members received services worth \$12 million dollars, not including prescriptions. The discount percentage is slightly better than 65%, which is an increase over the past two years. Additionally, Health Alliance is providing the best discount in the area. Out-of-network charges amount to less than 1% of total claims. Mr. Malachowski stated that Health Alliance's performance has been positive compared to other companies.

Mr. Alix questioned whether the discounts that have been offered by Health Alliance are sustainable.

Mr. Malachowski stated that discounts offered by other providers in other areas are similar to those offered by Health Alliance and that he is unsure whether we have hit the top of the discount peak. Additionally, the plan has improved over the past several years.

Mr. Alix asked about the county's trend regarding in-network participation, to which Mr. Malachowski responded that in-network participation has improved over the past three years and the county does not have far to go to reach 100%.

Calendar of Meetings for 2015

The 2015 meetings calendar was briefly discussed. Ms. Busey stated that the committee would follow the by-laws regarding the March and May meetings and set additional meetings in May as necessary.

Next Meeting

The next meeting will be March 17, 2015.

Other Business

None

Adjournment

Ms. Busey adjourned the meeting at 3:38 p.m.