

**VILLAGE OF DRESSER
FINANCE/PERSONNEL COMMITTEE MEETING
MONDAY, SEPTEMBER 10, 2012
5:00 PM**

The meeting was called to order by Greg Andrie at 5:00 PM. Roll Call was taken: Kristi Scheet, Greg Andrie, and Rick Flandrena. Jim Rochford Jr. Absent. Also present Jodi A. Gilbert Clerk, Cindy Fodroczi and Jill Luken from JA Counter & Associates. No public or press was in attendance.

Andrie stated I am trying to understand where the numbers are coming from. The first column is the Current Rates. Scheet stated we are looking at a 20.8% change. The age of the employees factors into this increase. Andrie also stated our risk factor is very high. What was the risk factor last year – I believe we were pushing 1.2 last year. We look at predicting modeling – compiling many things. The risk factor went up. WEA Trust is another option that recently marketed to smaller communities and you would have to go directly to them. A lot of schools are with them. We can't write through them, but they recently opened up to municipalities. Scheet wondered would it help to shop Health Partners. That is the 3rd piece in that packet. How far do we bump up the deductible? Do we go up to \$750 with the health deductible you see the worst case scenario and the best case is book rates if they rated and submitted is 24% less and knowing the risk factor it would actually be a 38% increase worst case. I believe you would be on the higher end. The code comes through at a higher risk and in western WI Medica renewals are lower than Health Partners. Andrie asked what other options are there. Medica, Health Partners, Anthem – they are getting more competitive and seem to always come in lower than WPS. If you wanted to have forms filled out – Medica and Health Partners are the most aggressive. From the municipal market/public Health Partners are more aggressive than Medica. The past couple of years you have seen decreases with Medica. Cindy stated the average renewal with Medica is 11%. On the 2nd spread sheet there are 3 other options. The goal for this meeting is in regards to the final outcome how drastic does the plan need to change? Andrie stated to take it off the table. There are different opportunities from Medica. Cindy asked are you talking about my plan. Andrie stated you don't offer choices within this small of a group correct? Yes that is correct. We are limited to picking one – because you have less than 5 employees on the plan. If you had 5 employees you could offer two plans. Flandrena asked in the other communities you represent what do they have? Jill stated we can't do those types of comparisons for confidentiality reasons. We work with 10 municipalities in Polk and St Croix Falls off the top of my head. Jill stated generally the type of plans we work with a lot have a HSA which make them more comparable to other groups. Jill continued with only having 3 people the premium to fund the claims was only a wash because of the admin costs on 3 people it really didn't make a whole lot of difference. Flandrena stated in retrospect other communities are larger? Jill stated no yes both. Flandrena continued are we the smallest? Jill stated no and in the past we had several more people on the plan. The other thought we had in the past was the analysis on the nonformulary drugs – the higher drugs are not covered. Obviously the 12.50/50/90 plan when looked at if they are on a brand they pay \$50 if already paying \$90 and we would move to a HSA they won't have

Page 2 of 4 – Finance/Personnel Committee Meeting September 10, 2012

coverage was another big concern. That of course can always change – depending on the situation. Jill stated there is savings on option 3 but you need to look at the out of pocket. The differences are no copays – you would be paying \$2,500 then you are done. There are other deductibles. \$2,500 for HSA otherwise for these families it is embedded. So if I was a particular employee it would be \$2,500/100% HSA – it is capped together. Can't go lower than \$2,500 otherwise it is per person. You do have other deductible options. Andrie stated there are options between those. Some have the same copays/drugs. The out of pocket max is what is jumping to get lower premiums. There is \$1,000 - \$1,500. There are a lot of different options so this back to what is the goal Jill stated. Andrie stated one of the reasons we introduced the employee share – they can help fix their budget. Increasing the employee % is an option. Jill asked are there any budget concerns? Flandrena stated we knew it was going up. Scheet stated if we renew at the same plan it will be a \$12,000 increase over the previous year. Gilbert stated remember with the public works premiums a certain percentage does go to the water and sewer utilities. Jill stated from the employee perspective there is something going on and an increased deductible substantially would affect them if they are using the insurance. Andrie stated how can you create a custom plan when each employee has something different going on. Jill stated if a person goes into the individual market they can still be declined coverage. Some places though have done that gave them so much money – they find their own insurance. Again the only concern there is if the employee can't belong to a group plan and they don't qualify for an individual product then they are stuck. It would be in their best interest to keep this. Scheet stated this is a \$10 an hour benefit. The premium is \$1,600 plus or minus. Andrie stated we are here to get information and then should run the numbers on our own. Jill stated lets talk about reform. Scheet stated it would be nice to get some updates on the immediate impact. We have provided a document for you to go through. This starts now and goes into the future. You also have a summary of the benefits from Medica. When looking at each there will be more regulation around it. We will be able to compare and be on the same format. Any changes going forward you would have to give employees a 60 day notice. Not at renewal time only during the year. It is overall very uncommon in this area to do a mid year change. Usually there is a penalty if you make a change during the year. On the W2 – only this concern is for payroll – you will have to report total cost of care of health insurance has to be on W2's for more than 250 employees. We don't have to do it until 2014 some have to do it for 2013. You will have that total. Your software may need to be updated Jill continued – this information will be used so the IRS will know what it is actually costing. Andrie stated it is important for the employee to know how much it costs. Starting in January when doing payroll you will need to know annual cost of insurance and what is paid by the employee. Our understanding – the online demo for the state of WI was almost done – WI took it off our legislature don't want to support the law. The Governor disassembled the committee in WI and returned the money. Our state can submit to the federal – only if can do – then we will get the federal exchange. MN is more than ready. WI is stating that they are not. We got to demo it – it is like expedia for flights and that is how I would explain it. With the under 50 market most are hoping you won't be dropping their coverage. This is an important part of employment.

Page 3 of 4 – Finance/Personnel Committee Meeting September 10, 2012

Smaller manufactures are having a hard time enticing people. We can talk more about this in January 2014. The biggest thing is groups over 50 – now bumped it consider it a minimal benefit. The percentage increase is based on income of the person. Flandrena asked does that hold in MN. Yes that is federal. If they don't provide the insurance the penalty is \$2000 per employee and they have to pay the fines. Jill stated now it is amazing not to drop plans. A year later – what kind of coverage do we have - now we are having a hard time getting good employees. Can't go to the exchange if more than 100 or 50 – the state picks. 2014 the employee could go to exchange. Assuming that nothing changes. Puts it in perspective. We will know a lot more by January after the election. Flandrena stated we are in a state of flux. Right now we are making a decision for a year and then see what happens. Jill asked do you want some feed back from the guys. Scheet asked how many employees use the \$500 reimbursement. Gilbert stated 2 out of the 3. Andrie stated we going to have come up with something in the middle somewhere. Jill stated jumping up to a \$1,500 deductible you are still at 9%. Flandrena stated the private is at \$3,000. The average deductible is between \$2,000-\$3,000. They may have a \$2,500 deductible but then they have a HSA especially in the public sector. A lot of private places have stopped contributing. Jill stated some employees build up large balances and those dollars would be rolling over. Scheet stated since we only have a year there won't be enough of a change to make it worth while. Scheet stated with a higher deductible we are only saving \$200 a month. We don't have the \$2,500 option on the other sheet. \$2,500 brings you almost where you are now – you won't spend any money, but you won't have any money to help them. Scheet stated until you know where you are going I don't know – I have a HSA and I love it. I put money in and it is tax free – recently have medical issues – putting more money each month into the account – can work real well but this may not be the year. Jill stated ideally had we gone that route 3-4 years ago and built up accounts then it would be an option. You are still paying more to switch this year. Normally you would annualize the savings. Those are just not there. Scheet we need to find the point where we are not drowning. Scheet asked so do we check out Health Partners? We would need to do the forms. Jill stated we can have them shop, but using a \$500 deductible and the risk factor indicates that all carriers will find out and will max out the rates and we will be right back to Medica. The other down fall with other applications is that it would be 2-3 weeks from now. There is no cost to shop only employee time. Andrie stated I don't think it is worth it. I think next year this will be a whole new can of worms. When looking at the sheet the totals are right, but Dan is 60 and Mike is 59. The totals are right for illustration. Andrie stated we need information by Oct 15th. Jill stated so you would have time to shop if you wanted to. Flandrena stated I believe it is going to be fairly similar if we shop. Jill stated yes I would agree. Only thing that would change that is if another carrier doesn't see what Medica sees, but that is very uncommon. You need to weigh the potential risk. One claim eats up the premium. Andrie asked how many running? Jill stated very few but they run an HSA. Flandrena stated those with less employees what kind of deductible do they have. What's hard is that they have an HSA also. They may not be funding it any more, but they did a long time ago. Jill stated HSA'S have been running for 10 years already. Flandrena stated for all the municipalities that you do what is the average

Page 4 of 4 – Finance/Personnel Committee Meeting September 10, 2012

deductible for a family \$2,500? Jill stated the majority are \$1,500, \$2,500, or \$3,000. Especially those in an HSA. What if you take that out of the mix then you are at maybe a \$1,000 deductible. You need to stay traditional at \$2,200/\$25 copay is the max you can go otherwise you need to have an HRA. Not interested in HSA – no where else to go at \$2,200. The good news to all of this is that this will be a whole new meeting next year. Right now we can't really strategize because all of the changes that are coming. Cindy stated you have an option of \$1,500/\$45 which is increasing the copay – drugs all the same. You could stay at the \$500 deductible. The reimbursement on the deductible is only on the employee – if spouse used the insurance it is not reimbursed by us. Cindy stated it may be interesting to put together the rates with a \$45 copay if you go to a \$1,500 deductible. Andrie stated we may have to go to a \$1,500 deductible we don't have a choice – could then still save a little bit. Jill stated we can pull as many options as you want. We could change some contributions. Andrie I am looking forward to the employee being able to make a choice in the future. Jill stated we may have more solutions. Scheet stated what about the employee contribution – a lot went to 12% on the medical – there are different levels – I believe a lot of it was based on the union contract. Those that are keeping their plan the same then are on a HSA. That is a whole different strategy. Cindy stated with a rough calculation \$45/\$1,500 you would see a \$250 increase – Andrie stated we need that other choice. Option 2 with a \$1,500 deductible – keep at \$1,500, but instead of the \$25 copay it goes to \$45 – 11.8% about half. You can play around with it. Medica suggested renewal bumps to \$35 – you have a 20.9% increase. Scheet stated it would be nice to ask the employees what you would rather have? Andrie stated I agree, but they all have different situations and will say different things. Cindy stated you have the plan designs now – we can put together a spread sheet for the benefit on each plan. Jill asked so do you want to shop around? No not doing the committee stated. Jill stated we have a pamphlet or trends, which doesn't have too much detail. We can put together a newsletter once we make the decision. Once we know what we will be doing. Andrie stated can people get on the board get on the insurance? Not if they aren't working more than 30 hours a week or more – that is small group policy in WI. Jill stated you have a rich plan right now – deductible is low for our area – the out of pocket on the other hand. Scheet stated if the spouses don't get reimbursed if the employee is interested in paying a little more and keeping the deductible low would be an option. Jill stated we could do survey and have it confidential to JA Counter. Now you have moral issues if you don't do what they want. When do you want the data in order to make a decision? We need to have another committee meeting with Jim around. Flandrena stated the sooner the better.

Motion Andrie/Scheet to adjourn at 6:10 PM. All in Favor. Motion Carried.

Jodi A. Gilbert, Clerk/Treasurer

These minutes have not been approved.