

MINUTES APPROVED—SEPTEMBER 16, 2010



Insurance Review Committee Meeting

McKenzie Building – Jury Room

Thursday, August 12, 2010 - 3:00 p.m.

Committee Members Present: Chairman David Zimmerman, Jim Carius, Joyce Antonini, Janet Johnson, Tim Neuhauser, Jennifer Norman, and Julie Young

Committee Members Absent: Anna Godby, Chris McKinney, Mic Seward and Jennifer Stanton

Others Present: County Administrator David Jones, Kim Olar, Kasey Groenwald

MOTION

MOTION BY CARIUS, SECOND BY JOHNSON to approve the minutes of the May 13, 2010 meeting.

On voice vote, MOTION CARRIED.

Administrator David Jones gave an overview regarding the Health Plan Documents stating that:

A series of meetings have been held with HCH.

The Health Plan Document will go before the County Board for approval at the August board meeting.

A replacement document containing the changes will be presented at the next meeting and made available to all employees in electronic form as well as a hard copy and once approved will be on the HCH website.

Chairman Zimmerman asked for any questions regarding this and there were none. Zimmerman then introduced the new Human Resource Director for Tazewell County, Brian Bartsch.

Administrator Jones said that they have been working on the required changes for health care as a result of the federal Health Care Bill and advised of the following:

All of the changes will not be applicable to Tazewell County's plan, but many will be. Some changes they are aware of now for 2011 plan year are:

A consideration must be made as to whether or not the County will be considered a 'grandfather plan' and it is expected that we will be a 'grandfather plan.' This means that the federal government is allowing plans to phase in certain items and they will place a control mechanism on the plan for changes. An example would be that premiums could not be raised 75% and maintain the grandfather status.

There did not appear to be any changes that cannot be planned for by using a different approach. In Plan Year 2011, the least amount of money that a plan will be able to elect is a maximum per employee lifetime benefit of \$750,000; however, we will not need to make a change as we are currently at one million, but the following year it will be raised to 1.25 million.

The following year, the value of the health care benefits will need to be included on the employee's W-2 form. The program will be able to maintain some of the present caps, but the government has not given the definition of essential services.

In 2014, some of the things that the county's plan contains in an effort to control costs will go away unless there is a change in the federal law. One thing the law is certain on is that if there is a network, you can continue to network or you can penalize for non-network including no coverage at all. It will require us to obtain more services in a network arrangement.

There is not too much in the law that is going to help reduce health care costs. There will be changes for anyone 19 or under because of changes for what is called pre-existing conditions. The change for dependents has been made according to state law.

Some of the provisions that are in the plan that are meant to be cost controls could be phased out unless there is a legislative change. The federal legislation does not require the stop loss carriers and the reinsurance carriers to uncapped their coverage. The stop loss carriers are pricing in some of the unknown factors and there is a concern with regard to the maximum benefit levels and this will be hard to budget and this is a concern.

At this point, we are having a very good year and are running about 3-4% below last year with the claims being about \$400,000 ahead of last year. The fund balance is in good shape at this time, however, there needs to be a premium increase and that this will be discussed further at a later date.

Hospital contracts have been renegotiated and we have signed up for three more years with Pekin Hospital and have changed third party administrator but this has not had a huge impact on costs. Prescription costs are down.

The way to control costs is to have healthier people and this can be attempted by focusing on wellness programs and give people incentives to maintain healthier lifestyles. There will probably be a premium increase recommendation in 2011 of approximately 3-6% with a 50/50 split. Jones stated that there will not always be a year like this but that this year was really a good year with it being 23% below budget.

Member Neuhauser said that there is a 9-12% medical inflation in our area and that a lot of insurance companies are going with a large increase because of the unknown of what the federal government will do.

Administrator Jones pointed out that the value of our health insurance will eventually be included on the W2 forms.

Member Neuhauser said that the IRS will be the ones to monitor the government health services in order to determine in what direction the plan will go and that benefit statements are valuable information for the employee.

It was noted that employers who have a plan that is too generous may have to pay a tax but Tazewell County is not in that category at the present time. There would be no benefit not to grandfather in and that Tazewell County has good health plan benefits.

**CLAIMS
SUMMARY**

Administrator Jones presented a summary of recent claims that showed \$1,419,628.27 paid and includes major medical, MRP, dental, vision and prescriptions and this is about 3% less than last year. The agreements Tazewell County has with Methodist for their network doctors was a good move on our part as it provides a discount on a fixed price rather than on charges with the discount being about 6% higher than last year.

Chairman Zimmerman recessed the meeting at 3:40 p.m.

Transcription by Nina Schacherbauer