

**SPECIAL JOINT MEETING
TIPPECANOE COUNTY COMMISSIONERS
TIPPECANOE COUNTY COUNCIL
JUNE 7, 2001**

The Tippecanoe County Commissioners and Tippecanoe County Council met in a special joint session on Thursday, June 7, 2001 at 1:00 P.M. in the Tippecanoe Room in the County Office Building. Commissioners present were: Vice President John L. Knochel, and Member KD Benson. Council members present were: President David S. Byers, Vice President Connie Basham, Margaret K. Bell, Jeffrey Kessler, and Kathy Vernon; Auditor Robert A. Plantenga, Attorney Doug Masson, Commissioners' Assistant Jennifer Weston, and Secretary Pauline E. Rohr. (Councilmembers Ronald L. Fruitt and Jeffrey A. Kemper were absent.)

Also present were Human Resources Coordinator Frank Cederquist, Mike Quigley, Great West Insurance Co. representative, and Bob Wright, Agent of Record for the County's health insurance.

Vice President John Knochel called the County Commissioners to order.

President Dave Byers called the County Council to order and announced that the purpose of today's meeting is to receive information regarding problems the County's Health Insurance Plan is experiencing.

Mr. Cederquist explained the cost increase in the Plan is claim driven. Since 1998-1999, the number of claims has increased 91.25%:

Claims for 2000:

Employee related	72%
Dependent related	28%
Types of claims	
Open heart surgeries	February, March, and April
Employees lost to Cancer	3
Employees treated for Cancer	2
Former employee lost to lung disorder	1
Prescriptions	30%

Claims payment range

\$10,000 to \$25,000	54
\$25,000 to \$50,000	15
\$50,000 +	4

Employee increases:

Annual deductible	Individual	\$300 to \$400
	Family	\$600 to \$800
Co-Insurance	Individual	\$5,000 to \$10,000
	Family	\$10,000 to \$20,000
Physician office visit	Co-pay	\$10 to \$20
Prescription Drugs	Generic	\$5 to \$7
	Brand	\$10 to \$15
	Mail order	\$0/\$10 to \$14/\$30
	Deductible (retail only)	\$100

Mr. Wright explained that prior to 1993, approximately 50% of the employees were covered by Aetna Insurance and approximately 50% by HMO Insurance. In 1993, the County decided to bid for a single carrier and contracted with Great West as an ASO (Administrative Services Only). Mr. Wright distributed a handout showing that Great West has a Comdex percentile rating of 98 compared to other companies also rated. The sections of the contract are:

1. Claims
2. Administrative fees \$20,000/mo
3. Insurance premiums \$14,000/mo

Provides stop/loss and gives coverage to the County which means if claims exceed the set \$ amount in a calendar year, Great West will pay 100% of claims over and above the total claims for all employees.

Mr. Wright distributed employee cost comparisons with Lafayette School Corporation, City of West Lafayette, and City of Lafayette.

⇒ Commission President Ruth Shedd entered the meeting.

Mr. Wright explained the Stop/loss feature if the County decides to terminate coverage with Great West:

1. One (1) time administrative charge of \$32,000 to handle run-off claims (incurred but not submitted)
2. Cap on total run-off claims (approximately \$830,000)

He said this feature is important because another insurance company would not pay claims incurred prior to their contract.

Mr. Quigley distributed a list of services included in the Administrative Fee of \$20,000/mo. He explained a chart using fictitious but realistic numbers:

<u>Max. liability based on # of employees</u>	<u>Cumulative</u>	<u>Claims</u>	<u>+/-</u>
Apr \$252,000/cal yr	\$252,000	\$300,00	-\$48,000
May \$255,000	\$507,000	\$255,000	-\$48,000
June \$260,000	\$767,000	\$100,000	(\$148,000)

Mr. Wright said when the County's reserve was at the \$1.6 million level additional coverages were added:

- Prescription Card
- Increased Life Insurance
- Flex Benefit Plan \$120/yr
- Dental

Mr. Wright reviewed the handout comparing the County's group benefits to Lafayette School Corp., City of West Lafayette, and City of Lafayette in response to Councilmember Kessler's inquiry.

Mr. Cederquist was asked about the possibility of pooling with other entities. He said, according to AIC Director Matt Brooks, the State has to develop rules and regulations for local government participation in the State of Indiana Health Insurance Program that could take up to a year. Mr. Cederquist thinks there could be a problem extracting our claims data. He said discussions have been previously held about pooling with the City of Lafayette, but he didn't think that would be beneficial since they wanted to maintain separate plans.

Councilmember Basham asked if it would be beneficial to not be self-insured. Mr. Quigley said every renewal to the County has offered additional forms of insurance for consideration within self-insurance, but additional protection equals additional premiums. Specific Individual Stop/Loss Insurance (fixed \$ limit per person) has been presented to the County every year but it didn't seem beneficial because of the premiums the County wants to pay for benefits the County wants. He said Great West does not offer the fully insured approach. Whether self-insured or fully insured, he said claims will equal the rates.

Changing the renewal time from April through March to calendar year January through December was discussed. (This would mean two (2) renewals in a year.) Any changes in the Plan would be known in January so that employees could set aside a sufficient amount in the Flex Benefits Plan to pay out-of-pocket expenses. As it is now, the employee sets aside this Flex amount early in the year but changes to premiums and coverage are made in early summer. Choice of coverage (i.e. levels of deductible) is also something that can be looked at.

Councilmember Basham asked when the Health Insurance Plan was bid. Mr. Cederquist said it was bid in 1993 but Commissioner Knochel interjected that the Commissioners looked at quotes two (2) years ago.

After distributing written comments about changes in the Plan from some of his employees, Sheriff Murtaugh said better communication when benefits and costs change would be beneficial to all.

President Shedd commented that rates should have increased as benefits increased.

COUNCIL ADJOURNMENT

- Councilmember Kessler moved to adjourn the County Council meeting, seconded by Councilmember Basham; motion carried.

TIPPECANOE COUNTY COUNCIL

David S. Byers
David S. Byers, President

Connie Basham
Connie Basham, Vice President

Margaret K. Bell
Margaret K. Bell

Attest: Robert A. Plantenga
Robert A. Plantenga, Auditor

Ronald L. Fruitt
Ronald L. Fruitt

Jeffrey A. Kemper
Jeffrey A. Kemper

Jeffrey Kessler
Jeffrey Kessler

Kathy Vernon
Kathy Vernon