

RE: Health Insurance Proposals

Minutes-Vermillion County Commissioners March 20, 2007

The Vermillion County Commissioners met in the Commissioners Courtroom, Courthouse, Newport, Indiana.

President, Tim Wilson called the meeting to order and led in the Pledge to the Flag.

Roll call was taken: Present were President Tim Wilson, Harry Crossley and Kim Hawkins. Also present were Attorney Jon Spurr, and Deputy Auditor Amy Tolbert.

Jerry Hawkins said he would like to suggest the Commissioners look into some kind of brokerage arrangement with someone to broker our insurance for us. We have people in this county able to do that. The reason he says is because he feels like we need someone to represent the county. Someone who we would hire to broker the insurance could not sell us insurance and the reason is because he knows that the insurance business is confusing and can be costly. He said we just finally got someone to help us take care of technology issues. He said that these issues are faced year after year and that the companies may have our best interest in mind, it is our responsibility that we get the best dollar value and that we understand what we are doing. Hawkins said he thinks its time we consider hiring someone to represent us, who cant sell us insurance, to make sure we get the best dollar value, the best insurance at the lowest possible price and to make sure we get the help we need when we need it. We need to make sure people don't stay on the insurance when they have left the county. He thinks that in the long run, they county would be saving money. Cheesewright asked if he was talking about property insurance as well and Hawkins said right now they are talking about health insurance but feels that would be a possibility. The point is we need someone to represent the county that is not going to sell us something. Kim Hawkins asked who would be someone that could do that, what kind of individual. Jerry Hawkins said there is someone right here that could do it. He said he does not owe this person anything but Dirk Davis lives in this county and feels it is something we should consider. Jerry Hawkins said there might be other people he just know of Davis as a broker type person who also sells insurance. Jerry Hawkins said his point is, someone who represents our interest can't sell us anything.

Pierre Fox with Miles and Finch said it's basically the same plan except an explanation of a possible plan change within Consumers Life. He said he wanted to address Jerry Hawkins comment because it really is a fair comment to make; a part of his job is to be a consultant to companies. One suggestion would be to have a committee of your employees or commissioners or council people basically to have time to sit down with the consultants or brokers who are quoting the insurance. To spend a little more time to actually go through the details of the plan. Fox said they have added a health disease management program with your current plan that is available at no cost to you and is available to all employees on the plan. It is a better way to manage claims. It would greatly help lower your claims. He said there recommendation is to stay with consumer's life. He said by going from the \$250 deductible to the \$500 deductible would save an additional \$60,000.00 per year. It is a plan change and he thought the council members at the last meeting decided not to change employee payroll contributions; the amount deducted each month from employee's paychecks. That would be a real net cost to your general fund if you wanted to make that change. Jerry Hawkins said that at the Council meeting he had made the statement that there has been a 5% reduction in premium. Hawkins said that rather than have a 5% reduction in

premium, can they establish some kind of reserve fund for us. Hawkins said that somewhere down the line there would be an increase. Fox suggested they take the money and have the county hold on to it verses the insurance company. Fox said if you forgo the 5% decrease, your loss ratio would be better next year because you would have more premium verses claims and it would figure into the calculations. Jerry Hawkins said that makes sense he just doesn't know how we know how much less we paid so that money can be put aside. The amount that the county pays is based off of who enrolls into what deductible plan. If you encourage people to enroll in a higher deductible plan, obviously your rate would be less. Jerry Hawkins said the county paying 96% of the insurance is a pretty hefty amount. He said he just really thinks we need help when it comes to making these decisions. Fox said if you have rate increase next year you could make a minor plan change to offset any possible increases next year. Fox said Health Insurance Carriers for groups this size do not provide renewals sooner than 60 days out from the renewal effective date. They are basing your renewal off of claims and they don't want to send out the renewal months ahead of time and claims have come in higher or lower. They are locking your rates in for a year so they want to wait until last minute.

Dirk Davis said what Jerry Hawkins was saying is a really good idea. Davis said they way it works as they he could do it as an agent and get paid by the insurance company or you can go to the insurance companies and do it on a consulting basis and do it on net commission, he would tell them he wants a quote with no commission factor in. Davis said that Jerry Hawkins is heading in the right direction in regards to the reserve account. Davis said they don't have concrete numbers right now when we get better information from Consumers Life, we never did get the rates. He said they also need some more claims information; the last information they got was from the end of December. Fox said it was given to the Auditor's office at the March 6th meeting along with the renewal rates. Davis said they never go that information. Davis they have a company called Med Ban that they would like to discuss. This company is a split solution plan, based in Ohio, B+ rated and reinsured by Nation Wide which is an A+ company. Nation Wide takes on 95% of the claims. Davis said he doesn't want to beat Consumer Life up, but as far as he knows they don't have financial rating at this time. Davis said the plan they are showing is a hybrid of a self funded but its called a split solution plan that they have. He said he wanted to offer the plan last year but the claims weren't good enough, they are very picky. Davis said we would be working off a reserve. We are going to set aside money on reserve and also have fixed costs. Benefits to the plans are almost identical to what you have now. He wanted to mention that last year only 2 people took the 500 deductible plan, 3 took the \$1,000.00 and 89 took the \$250.00. Davis said there would be monthly claims and we can pinpoint problems easier. Davis's associate Joe said he is going to expand on what has already been said. He said this plan is self-funded which means that you are taking on some of the risks and responsibility. When you go into this type of plan, the plan is basically filed with the Department of Labor. It is based just upon your group. The company became a full-fledged mutual company in 1988; during that time they developed a plan for groups that are interested. It is a reimbursement plan, you pay us a certain amount of dollars each month and then you bank your reserve account. It is a fully insured plan. He said that its nice too because if you decide you don't want to do it anymore you can walk away. He said explained how a fully insured plan worked, the self-funded plan is similar to the plan he is offering with the exception that this plan is a fully insured contract. He said they have a specific deductible; they put in a \$30,000.00 deductible. That means that the count is going to handle all claims up to \$30,000.00 per individual, \$60,000.00 on a family. One the first \$30,000.00 is hit then that person is done, and then Med Ban is responsible. The rolling Ag is your maximum claims liability. This protects your for the whole group in itself. He said they have capped your responsibility. He said basically he designed a \$250 and \$500 plan, just to make it easy. The people that were on the \$1,000.00 deductible, he brought them down to the \$500.00 plan. He said they have pretty much matched the plan to what the county currently has as far as benefits. He said he recommends they set up an account at a local bank or set it up with the Insurance Company. Spurr

said the numbers didn't match the other companies so it's hard to compare the figures. Davis said he was working off what was given to him and he would rework it. Joe said he will work with you and show you how you can lower costs and work with deductibles and finally get a handle on costs while keeping good benefits for the employees.
Davis said he has been working on the dental and vision and that renewal will be in June.

Wilson said they would take it under advisement and make their decision at the April 3, 2007 meeting.

Wilson made a motion to adjourn.

Read in full and approved by the Vermillion County Commissioners on the 3rd day of April 2007.

Tim Wilson

Harry Crossley

Kim Hawkins

Attest: _____
Sherrie A. Koma, Auditor