

RE: Health Insurance Renewal

Minutes-Vermillion County Commissioners April 15, 2008

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 First Deputy Amy Tolbert.

Pierre Fox with Miles and Finch Insurance was present to discuss the Health Insurance renewal. He has spoke with the Council on Monday night about doubling the amount employee's pay for insurance, and keeping the county's cost from increasing. Currently, the county pays 94 percent of the insurance premiums, leaving 6 percent to employees. The new plan would increase employee contributions to 12 percent.

Fox's proposal would also effectively increase employee's deductibles from \$250 to \$500. The \$250 deductible option would remain available but the difference in annual cost to an employee and family for that plan would be more than \$1,400.00. The changes mean that an employee currently on the \$250 deductible plan would see their costs double and the deductible would increase to \$500. Fox said because of the increase in claims, only about 6 percent of insurance companies even offer the \$250 deductible anymore. Fox said that if the deductible does change, whatever employees have already paid towards the old deductible will be credited towards the new deductible.

The increase in costs to employees would be handled by having premiums deducted from every paycheck, rather than once a month as is currently done. Fox said the overall cost to the county if the higher employee contributions were approved would be \$1,022,908, less than \$600 more than 2007. If employee contributions remained the same, the cost to the county would increase by \$68,940.00

Crossley expressed concern that the county is not paying any of the premium increase, that the employees have to absorb it all. Fox said the contributions were figured based on conversations with council members due to budget concerns, and that the employee's portion could be reduced if the county was willing to pay more.

Fox said he is all for the employees paying less. He said the employee contributions had not been increased in three years and that any time there is an increase, employees are not going to be happy.

Hawkins said he always hears talk about how the county is paying all this money for employee benefits, but we've got good employees.

Several employees asked questions and voiced concerns over the increase. One person asked why the insurance had increased this year and Fox said his company paid out more claims than it collected in premiums.

Yoho told the Commissioners that if they wanted more money for insurance, they should have talked to them about it. Crossley said that is what they were trying to do. Yoho said it should have been done at budget time. Crossley said they would have been told the same thing they are being told now, that the employees will have to pay more.

Hawkins asked what would happen if the insurance was offered to fewer employees and Fox said it would save the county money. One employee asked how many council members there were and how many were on the insurance, and that they are not full time employees. Fox explained that council members receive insurance because they are elected officials. The employee said, no wonder they run for council.

Another employee said that he could understand there would be an increase, but 100 percent is a pretty big bite to take. He said employees could probably live with a smaller increase, but not 100 percent on what we make.

EOC Director Ramon Colombo asked what happened when claims were lower and Fox said that the premiums decreased 5 percent a year ago when this happened. Colombo then asked why the insurance costs doubled and Fox explained that the premium did not double, it increased by 8 percent, but the employee contributions were being doubled to prevent the county from seeing a cost increase.

Cheesewright asked how many other counties pay 94 percent of insurance costs for their employees, and Fox said he was not aware of any. Cheesewright said, go to Lilly and see if they pay 94 percent and one employee replied that they make a lot more money than we do. Cheesewright said they don't, not anymore anyways. Fox said part of the issue was that this was an unusually high claim year for the county and that once that year is behind us, he hopes the premiums will go down again.

Cheesewright mentioned that some employees, whose spouses also work, have insurance through both employers and are collecting on both. He asked if they really needed both?

One employee explained that her husband worked construction and when he is not working, his insurance is not available. She said it is not possible to go on and off the county's insurance when it is needed. Fox said it would now be possible for employees to go onto the county plan if they lose coverage through no fault of their own.

Treasurer Phyllis Orman said she did not believe two insurance plans would pay the same expenses, and a person cannot collect double for the same expenses. She said she understands the county does not want to pay more, but that instead of raising employee's costs by 100 percent, it should have been done gradually.

Fox said that out of the \$850,000 budgeted in the general fund for insurance, probably \$810,000 had been spent, and the highway department was right at their

budget of \$273,000. Fox said this meant that the county could subsidize insurance costs by another \$30,000 and reduce the amount of increase employees would see. Crossley questioned the figures Fox presented because the two budget amounts add up to \$1,123,000 and the premium of \$1,022,908 appears to leave a difference of \$105,902. He asked why Fox was saying there was only a difference of about \$30,000. Fox stated those figures were based on the increased employee contributions and that if the contributions were kept the same, you would not have that surplus. Fox also said that there might be other costs included in that budget amount in addition to the premium from his company. He said that there are some employees on Medicare supplements, which are not included, and cost the county about \$26,000.

Crossley said in order to reduce the cost to employees; he would give up his county insurance as a commissioner if the council members were willing to do the same.

Wilson asked Fox to bring new figures to a special meeting on Monday, based on the idea of only increasing the employee contribution by 50 percent, to see if those figures were within the budgeted amounts. The meeting will be held at 7 pm and will be a joint meeting.

Yoho said he has always been in favor of raises for employees and keeping their costs down but he said he is only 1 and that there are 6 others that need convinced. Cheesewright added that he has also voted in favor of pay raises for employees every year.

Ramon Columbo was present to discuss the transfer of sirens to Parke County. He said he called Auditor Koma on the 10th and she said it was too late for the agenda, to just come to this meeting and bring it up under old business. Wilson said this was a special meeting and that it would have to be advertised before they could discuss it.

Wilson made a motion to adjourn, seconded by Crossley

Adjourn

Read in full and approved by the Vermillion County Commissioners on the 5th day of May 2008.

Tim Wilson

Harry Crossley

Kim Hawkins

Attest: _____
Sherrie A. Koma, Auditor