

VILLAGE OF OAK HARBOR
FINANCE COMMITTEE MEETING
Tuesday, May 26, 2009
7:00 A.M.

Chairman Jon Fickert called the meeting to order at 7:00 A.M.

The following committee members answered roll call: Jon Fickert and Don Douglas. Donna Wendt-Elliott was absent.

Also in attendance were Village Administrator Robert Pauley, Fiscal Officer Jenny Busche, Employees Jerry Neff and Eric Parker.

Health Insurance Renewal - Mr. Fickert turned the meeting over to Mr. Pauley. Mr. Pauley thanked council for letting them sit together as a working group. The working group made it a lot easier for them to look at options and hopefully make some suggestions. We appreciate the ability to sit with council member Douglas, as well as myself, the Fiscal Officer and the two employee representatives Eric Parker and Jerry Neff. The goal of the group was to compare our plans with those that were submitted. We did get a late submittal and that was from the King Agency and that prompted the creation of the group. We've met several times during the last 2 ½ months and we did an in depth critique of all the options of the submitted plan. Both the Druckenmiller Agency and the King Agency have proposed some sort of partially self-funded plans. After reviewing both plans and eliminating the Druckenmiller Agency partially self-insured plan; that left the group with the current plan and the King Agency proposal. We decided to see what the savings would be if we offered two fully insured plans to the employees through Druckenmiller Agency. One would be to continue the current plan and the other option would be a \$750/\$1,500 plan with a \$20 office co-pay. The second plan would be cost neutral for the village, but employees would have a savings via a reduction in their contribution rate from 13% to 2% to offset the additional risk. The recommendation of the group is recommending that we stay with the Druckenmiller Agency and offer a two-tiered plan. As a group, we would work with the Druckenmiller Agency to provide employee educational meetings to make them aware of all the benefits of the plan as they chose as well as ways the employees can manage their healthcare costs.

Mr. Douglas explained that they are increasing the limits to the employees and in exchange they would recognize a substantial premium savings. The annual premium savings that they would actually experience, it either matches or comes close to what the additional risk would be. For anyone not utilizing the plan, it's a great alternative. The employee has a chance of saving those premium dollars opposed to passing them on to the insurance company. The next step is to see if there is any interest to do that. It will take some time to show them the advantages of doing that. They need to be able to see the cost savings. Mr. Pauley explained that was why they wanted to bring in the Druckenmiller as well as a benefits manager from Medical Mutual to explain how they can reduce their costs.

Mr. Fickert inquired about the savings for a family plan. They currently pay \$213.67 per month now would pay \$30.05 per month. Mr. Douglas replied they would have an annual savings of \$2,200. Mr. Fickert commented that if they're not using the plan, they're still paying over \$200 to have the plan. This way it would depend upon their wellness. It's a two-fold benefit because

if the person opts for this other plan, it improves our status as far as the whole group goes and we realize the cost of savings as far as the annual renewals go.

Mr. Pauley explained how the group as a whole met with Druckenmiller and the representative from Medical Mutual, we asked them you need to go back and look at your rate structure, and we believe they can do better than a 4-1/2% increase. And luckily, Druckenmiller was kind enough to go along and support that with us. Medical Mutual came back with a 0% increase.

Mr. Pauley suggested that this healthcare working group continue on, especially next year when we go through this process again. The working group makes it easier to deal with the insurance agents as well as with the proposals. We represent the users. The users have a share in the ownership of the plan as well as a share in the potential cost savings. Mr. Fickert agreed that the group should be kept intact. When the employees have a stake in something and when they have input, you're always going to end up with a better result. In addition, when you have someone like Don with experience in the specific area to be in the group is a tremendous benefit.

Mr. Fickert inquired about the long-range plans. Mr. Pauley commented that we did look at higher deductible plans, while there are significant savings; we are a captive group because we are at the bottom of the ratings scale. We don't have a lot of the data on the other end for our usage or exact patterns of usage. Going with a higher deductible, there are some significant savings that can be realized out there. There are also some changes in the processes for our employees to get the money back. When the group looked at the cost, time lag and the extra irritation put on the employees we decided to take a small first step and make a two-tier option and go without a TPA at this point. Ms. Busche commented one thing working against them was the time frame. In order to fully delve into the partially self-funded plans and higher deductible plans; we needed more time. In order to get all our questions answered and to have our comfort level satisfied to make a change of that magnitude. Mr. Pauley commented that we can do some savings in the future by going to a higher deductible limit but it does require the employees to be educated.

Mr. Fickert moved that we accept the recommendation. Mr. Douglas seconded the motion. On roll call vote, Mr. Fickert voted yes and Mr. Douglas voted yes.

Mr. Fickert asked for roll call to adjourn. On roll call vote, Mr. Douglas voted yes and Mr. Fickert voted yes. Meeting adjourned at 7:48 A.M.



Jon Fickert
Finance Committee Chairman