

Amberley Village Council: - Compensation and Benefits Committee
Minutes of March 13, 2012 Meeting of the Compensation and Benefits Committee

In Attendance: R. Warren, W. Doering, T. Muething, N. Wolf, J.K. Byar, Manager S. Lahrmer, Chief R. Wallace, Lt. R. Caudill, K. Harcourt, P. Conway, D. Rinderle (USI), and F. Patteerson (USI)

The meeting was brought to order. The minutes of the Feb 1, 2012 and February 7, 2012 meetings were approved.

The subject of this meeting was to have USI representatives Dave Rinderle and Fran Patterson share their results of fully insured options for Village employees. As noted in the minutes of Feb 1 and Feb 7, we requested USI to develop proposals for a fully insured plan that would provide a benefit structure similar to the current benefits and optional plans that would result in reduced premium expenses of 20% to the Village. According to Mr. Rinderle, AV may be the only jurisdiction in the Center for Local Government Benefit Pool (CLGBP) considering options to leave the pool. If the proposed options were attractive, AV would consider leaving the pool by May 1, giving the CLGBP three months notice and avoiding any penalty.

For this assessment process all staff completed a medical history record that was then submitted by USI to various insurance carriers. These included Aetna, Anthem Blue Cross-Blue Shield, Humana, Medical Mutual of Ohio, United Healthcare Direct, and United Healthcare-ERC Ohio Health Alliance. The quotes received were effective ~May 1-June 1, 2012, or ~2-3 months prior to the actual start date (CLGBP expires Aug 1, 2012). Quotes would have to be reviewed for a later start date of Aug 1. Of the carriers where quotes were requested, United Healthcare-ERC declined to provide a quote due to the high risk of the Amberley staff medical census (see attached documents). Importantly and with respect to maintaining current coverage, the carriers submitted quotes ranging from 46% to 185% over what the village currently pays in the Benefit Pool. The reason for the surprisingly high quotes was believed to be related to the high risk composition of the Village employee medical history census. USI did not provide a fully insured policy quote of 20% below the current benefit structure. USI agreed to follow-up on this (see note below).

USI confirmed that with the expiration of the 3 year agreement with the CLGBP on Aug 1, future participation in the benefit pool would not require a long term commitment, but rather would be a 1 year commitment. There would be no penalty for an early departure (as in the current 3 year contract). That is, after Aug 1, the Village could decide to leave the pool at any time with a 3 month notice without incurring any penalty. At this time the Village's liability in the CLGBP has been stable at ~\$237,000. Mr. Rinderle suggested that in the upcoming benefit year (from Aug 1) there could be premium structural changes that would accelerate the decline of the liability held by the CLGBP (and AV).

Since the fully insured options were considerably greater than what AV is currently paying, USI presented other sets of benefit-premium options within the current year CLGBP framework that could 'theoretically' result in premium reductions of up to ~20% (see attached). As these premium costs were based on the contract year starting Aug, 2011, this only served as an illustration (i.e., possible premium increases could take effect in the new plan year starting Aug 1, 2012).

There be being no further business, the meeting was adjourned.

Chair: _____
Ray Warren

Note: As a follow-up to our initial request of a fully insured plan costing the Village 20% less, USI submitted this option on Mar 15 after our meeting was adjourned (attached, called Anthem Option 2).

Noteworthy is that this plan would result in a premium increase of ~18%. If AV did not contribute to the employee's HSA accounts, there would be no change in overall cost relative to the current CLGBP plan. According to Mr. Rinderle, this option represents the minimum essential benefit of the recently passed Federal health insurance plan. [Note: Definitions in the attached tables using the Anthem Option 2 as an example: (1) Non-embedded means aggregate cap on deductible expenses for a Family / Insured + Spouse / Insured + dependents equals \$10,000. This can be from one family member or aggregate of members. (2) Coinsurance of 100/0 means that after the deductible is met, the plan pays 100% of expenses. (3) Out of Pocket Deductible (\$6050/12,100) includes expenses associated with drug purchases and medical expenses. (4) Employer funding refers to contributions to an HSA account.