

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE  
APRIL 22, 2010 COURTHOUSE

MINUTES

MEMBERS PRESENT:

VIRGIL GAMMON  
MICHAEL JONES  
MERRY HICKERSON  
PAULA BARNES  
REGINA HARVEY  
EDWIN MCKNIGHT  
JOYCE EALY  
ELIZABETH CRACE  
DONNIE HESTER  
GREG HALL  
WILL JORDAN  
MAYOR BURGESS

OTHERS PRESENT:

LOIS MILLER  
EVELYN ANDERSON  
SONYA STEPHENSON  
DAN GOODE  
PAUL HUFFMAN  
LISA NOLEN  
JEANNIE HERNDON  
KELLIE PERRIEN  
KED MARSHALL  
MICHELLE ANGLEA  
SHIRLEY ELROD

APPROVE MINUTES:

A motion was made by Greg Hall to approve the minutes from March 25, 2010 meeting. The motion was seconded by Joyce Ealy and passed unanimously.

FINANCIALS:

Lois Miller, Insurance Director, reviewed the past 9 month's financial data handout. The core benefits, medical, dental, vision, and CareHere remain somewhat flat, with a slight increase in trend. CareHere reflects a slow trend upward; the GASB liability is 22.8 million this month. The back-up data reflects a total trend of 1.5% increase over last year's 17% for core benefits with medical below 92% and dental/vision higher than normal. This is probably due to a backlog of claims being processed and running through the bank account. The PEPM is \$668.16. The work injury fund performance is down from last year and OJI claims are coming up as the year progresses. The fund stands at 78% of where it was last year and the County continues to close out old worker's comp claims.

WORK INJURY STATS:

Dan Goode, Safety Coordinator, reviewed the OSHA report for March 2010. A total of 20 injuries which required medical attention were filed, making a total of 64 for the year and 37 OSHA claims. For March, the County General had 14 claims totaling \$24,171.89, and the Board of Education had 6 claims totaling \$16,916.09.

WELLNESS UPDATE:

Kelli Perrien, Wellness Coordinator, reviewed recent events. The American Heart Association's National Start Walking Day kicked off on April 7<sup>th</sup>. A Wii will be given to the employee or spouse (County General and Board of Education covered by the County medical insurance) who logs the most activity from April 7 – September 7<sup>th</sup>. A diabetes mapping class will be offered in June by CareHere. The CareHere Weigh class has 10 participants. Upcoming events include an HRA clinic on April 28<sup>th</sup> at Barfield School, "Women in Finances" financial wellness event on May 11<sup>th</sup>, and "Cancer Prevention" lunch and learn at the work center on May 13<sup>th</sup> sponsored by CIGNA. All questions and comments may be directed to [getrutherfit@rutherfordcounty.org](mailto:getrutherfit@rutherfordcounty.org).

2011 MEDICAL/DENTAL RATES:

Mrs. Miller reviewed her recommended rate action necessary for active employees and retirees on the medical plan. She reviewed the enrollment shift in 2010 during open enrollment. Option 1 changed from 2611 to 902 enrollees, Option 2 grew by 1357, and Option 3 grew by 500 enrollees. There are 224 large claims (Over \$25,000) with an average of \$58,000. One claim had rolled over to stop loss reimbursement (over \$380,000). Although the necessary rate increase is 11.9%, Mrs. Miller recommended a 5% increase to Option 1 for 2011. She recommended no change in premium for Option 2 and Option 3. Option 3's premium is paid 100% by the County.

The under age 65 retirees (U65) had 16 enrollees change from Option 1 to Option 2 during open enrollment. They experienced 13 large claims, with an average of \$46,000. Mrs. Miller suggested a 15% increase for Option 1, and a 5% increase on Option 2 for 2011. She stated that the County can receive reimbursement (80%) from the government (Health Care Reform) for claims that exceed \$15,000 and below \$90,000 for retirees between the ages of 55 and 64 and their spouses and dependents. Because of this, she recommends a 15% increase, although 24.1% is necessary.

The retirees age 65 and older (Post 65), are divided into "grandfathered" and "nongrandfathered" divisions. The grandfathered pay 25% of the premium for themselves, and 50% for their spouse/dependents. The non-grandfathered employees are in the 3<sup>rd</sup> year of a 5 year plan to pay 50% of the premium, which puts them at 38% of the rate in 2011. Mrs. Miller recommended a 9% increase the Post 65 retiree's medical premium, although 12% is necessary.

Mrs. Miller suggested a 2% premium increase to both Option 1 and Option 2 dental plans for active employees. The nominal increase is passed to the employee.

After discussion, a motion was made by Donnie Hester to recommend the rate increases proposed by Mrs. Miller on medical and dental plans, with an effective date of 01/01/2011. The motion was seconded by Merry Hickerson and passed unanimously.

2010-2011 P&C RENEWAL:

Janet Bowman, Account Manager with CCMSI, reviewed a handout regarding a recap of the current County property and casualty coverage and the renewal premiums. Mrs. Bowman reviewed 2 options for renewal effective July 1<sup>st</sup>. Currently, the County has replacement cost values. Option 1 is replacement cost value, and option 2 is agreed value. Agreed value is when you replace buildings and contents based on a property schedule. Overall, the rates are lower and the premium will decrease due to property values declining 4% because of the current economy. The overall total savings with Option 1 is \$23,858, and Option 2 is \$36,345.

The expiring property quote \$367,590 is with Allianz, with a replacement quoted premium of \$360,362. The quoted premium for agreed value is \$347,875. There is an optional terrorism policy with a limit of \$100,000,000 and premium of \$21,622. Mrs. Bowman stated the County currently did not carry this coverage, and did not see the potential for risk.

Mrs. Bowman reviewed the crime policy maintained by Great American. The expiring quote is \$9,113, with a renewal quote of \$8,900. The deductible for public employee dishonesty with faithful performance is changing from \$10,000 to \$25,000 July 1<sup>st</sup> with a one year rate guarantee.

The current premium for casualty coverage is \$652,605 with Ace USA. The quoted renewal premium is \$643,688 which includes \$7,500 back to the County for training or equipment and can include anything that would "better" the County from a liability stand point. There is a 2 year rate guarantee on the casualty renewal.

Mrs. Miller praised Ms. Bowman for her hard work in negotiations up until this meeting. Mrs. Miller recommended paying for replacement costs rather than agreed value.

After discussion, a motion was made by Merry Hickerson to recommend the property coverage with Allianz as presented, premium is \$360,362 with replacement values. The motion was seconded by Will Jordan and passed unanimously.

A motion was made by Merry Hickerson to recommend Great American for the crime coverage as presented with a rate of \$8,900 and negotiate the rate next year. The motion was seconded by Greg Hall and passed unanimously.

A motion was made by Merry Hickerson to recommend Ace USA as presented for casualty coverage with the 2 year rate guarantee of \$643,688. The motion was seconded by Elizabeth Crace and passed unanimously. Mrs. Bowman to verify the quoted limit on sexual harassment, as a typo may have occurred on the handout for the renewal limit.

GASB:

Mrs. Miller reminded the Committee that the GASB process had started over 2 years ago. Last February, changes were made to new hires and current retirees. Mayor Burgess stated that this is a complex issue, and remarkable progress had already been made on these proposals before the first of the year. Reductions in post employment benefits is critical to the future of the County and financial stability.

Mrs. Miller reviewed the current qualifications for new hires post 06/30/2010. Currently, the County will contribute \$300 per month or the actual cost of coverage, whichever is less, to each eligible retiree. Post-65 plan will not include pharmacy. Eligibility requirements are age 60 with 20 years of service and 15 years on the plan, or any age with 30 years of service and 15 years on the plan.

The proposed method of reduction for new hires (post 06/30/2010) reads, the County will contribute \$300 per month or the actual cost of coverage, whichever is less, to each eligible retiree. Benefits will end with Medicare eligibility. Eligibility requirements are age 60 with 20 years of service and 15 years on the plan, or any age with 30 years of service and 15 years on the plan. The saving is estimated at \$.1M in the current year, and grow as time goes on.

After discussion, a motion was made by Merry Hickerson to approve the proposed reduction for new hires post 06/30/2010; the motion was seconded by Edwin McKnight and passes unanimously.

Mrs. Miller reviewed the 0-7 years of service as of 06/30/2010. Currently, pre-65 retiree's pay 50% of adequate rate. Post-65 retiree pays 50% of adequate rate for Medicare supplement and County pharmacy plan. Eligibility requirements are age 55 with 15 years of service and 5 years on the plan, age 62

with 10 years of service and 5 years on the plan, and any age with 30 years of service and 5 years on the plan.

The proposed method of reduction for 0-7 years of service as of 06/30/2010 is, pre-65s and post-65 retiree's receives a monthly stipend of \$500 toward insurance premiums for participation in the County plan or any other medical plan. Post-65 plan will not include pharmacy. Eligibility requirements are age 60 with 20 years of service and 15 years on the plan, or any age with 30 years of service and 15 years on the plan. This is estimated to save the GASB liability \$5.6M this year and continue to grow over time.

After discussion, a motion was made by Merry Hickerson to accept the changes as presented for 0-7 years of service as of 06/30/2010. The motion was seconded by Will Jordan and passed unanimously. Commissioner Jordan reminded the TV audience that this is a huge savings on the tax payer's money.

The 7-10 years of service as of 06/30/2010 was reviewed. Currently, the pre-65 retiree pays 50% of adequate rate. The post-65 retiree pays 50% of the adequate rate for Medicare supplement and County pharmacy plan. Eligibility requirements are age 55 with 15 years of service and 5 years on the plan, age 62 with 10 years of service and 5 years on the plan, and any age with 30 and 5 years on the plan.

The proposed method of reduction for 7-10 years of service as of 06/30/2010 is, pre-65s and post-65s retirees pays 50% of the adequate rate for themselves and 75% of the adequate rate for dependents. Post-65 plan will not include pharmacy. Eligibility requirements are age 60 with 20 years of service and 15 years on the plan, or any age with 30 years of service and 15 years on the plan. The estimated savings is \$1.9M this year.

After discussion, a motion was made by Mr. McKnight to approve the changes for the 7-10 years of service as of 06/30/2010 as presented. The motion was seconded by Paula Barnes and passed unanimously.

Mrs. Miller reviewed the 10-20 years of service as of 06/30/2010. Currently, the pre-65 retiree pays 50% of the adequate rate. Post-65 retiree pays 50% of adequate rate for Medicare supplement and County pharmacy plan. Eligibility requirements are age 55 with 15 years of service and 5 years on the plan, age 62 with 10 years of service and 5 years on the plan, and any age with 30 years of service and 5 years on the plan.

The proposed method of reduction reads, pre-65s and post-65s retiree pays 50% of adequate rate. Post-65 plan will not include pharmacy. Eligibility requirements are age 60 with 20 years of service and 10 years on the plan, or any age with 30 years of service and 10 years on the plan. A savings of \$4.2 M is estimated. To grandfather all employees (149 employees) who have already earned eligibility to current plans would cost \$.8M.

After discussion, a motion was made by Commissioner Jordan to approve the proposed changes as presented with the grandfathered plan for the 10-20 years of service, as of 06/30/2010. The motion was seconded by Virgil Gammon and passed. There was one no vote by Regina Harvey.

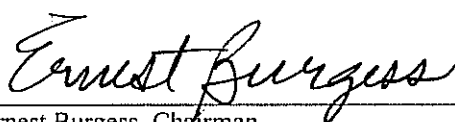
Currently, the 20-30 years (as of 06/30/2010) pre-65 retiree pays 50% of adequate rate. The post-65 retiree pays 50% of adequate rate for Medicare supplement and County pharmacy plan. Eligibility requirements are age 55 with 15 years of service and 5 years on the plan, age 62 with 10 years of service and 5 years on the plan, and any age with 30 years of service and 5 years on the plan. No change was recommended for this group. A motion was made by Michael Jones to approve this as is with no action. The motion was seconded by Mr. McKnight and passed unanimously.

The original Annual Required Contribution (ARC) prior to any change was \$31.3M for 2010. After the changes were done, the ARC was \$23.3M. If the items under review are approved, the ARC will be \$11.5M (\$12.3M if 10-20 year grandfathering is elected). All the motions will be forwarded to the Budget meeting on May 6<sup>th</sup>.

Lisa Nolen, finance director, thanked Mrs. Miller for all her hard work during her employment with the County. Mayor Burgess also recognized her hard work and stated that the County will miss her.

ADJOURNMENT:

The meeting was adjourned at 2:17 p.m.



Ernest Burgess, Chairman  
Rutherford County Benefits & Insurance Committee