

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
JUNE 24, 2010 COURTHOUSE

MINUTES

MEMBERS PRESENT:

MICHAEL JONES
MERRY HICKERSON
PAULA BARNES
ALLEN MCADOO
JEFF SANDVIG
JOYCE EALY
WILL JORDAN
BILL SELLERS
GREG HALL
MAYOR BURGESS
ELIZABETH CRACE
VIRGIL GAMMON

OTHERS PRESENT:

EVELYN ANDERSON
SONYA STEPHENSON
MELISSA STINSON
PAUL HUFFMAN
LISA NOLEN
SHERRY DODD
KELLIE PERRIEN
DAN GOODE
OTHER AUDIENCE MEMBERS

Mayor Burgess introduced the new Insurance Director, Melissa Stinson. Mrs. Stinson started her employment June 1st, with several years experience as General Manager of life and long term care at CNA, along with claims experience and serving as Vice-President and President of Health Cost Solutions.

APPROVE MINUTES:

A motion was made by Greg Hall to approve the minutes from May 27, 2010 meeting. The motion was seconded by Merry Hickerson and passed unanimously.

FINANCIALS:

Mrs. Stinson reviewed the Insurance Fund Performance spreadsheet. The PEPM for medical/dental for May is \$630.66 compared to \$780.25 for the same period during prior year. The average cost PEPM as of May is at \$680.90 compared to \$675.22 for the same time frame last year. When you combine the medical/dental performance with the CareHere results, through May, the YTD average is at \$712.79 compared to \$705.15 for prior year. The overall plan trend is at 1.1% when considering medical, dental, and CareHere costs.

The OJI Program YTD cost totaled \$857,818 representing 68.5% of last year cost. An annual analysis of the program will be done by Select Actuarial Services. Last year, we were able to reduce the reserves by \$828,000 in this program. A positive shift in reserves is expected again this year.

WORKER'S COMP/OJI STATS:

Dan Goode, Safety Coordinator, reviewed the OSHA report for May 2010. A total of 11 accidents with medical attention were reported, making the year's total 90. There are 56 OSHA recordable accidents. The Board of Education had 7 claims, total incurred was \$11,150, and the County General had 4 claims, with \$1,600 incurred. In 2008 there were 31 reported accidents, and 2009 had 12 reported accidents. For YTD in 2010 there were 90 reported accidents, 2008 had 112, and 2009 had 90.

In the last few months, his department has focused on safety training and safety awareness. A future topic will be safe housekeeping.

WELLNESS UPDATE:

Kellie Perrien, Wellness Coordinator, reviewed the wellness programs that were offered during the 2nd quarter. Upcoming events include exercise programs, nutrition education, health risk assessments, and a webinar about coping with Chron's disease and strategies for change.

SCHOOL BOARD 2011 RATES:

Mrs. Stinson stated that the Budget & Finance Committee met on June 23rd and the Insurance Committee had requested contingency approval of 2011 renewal rates. The Insurance Committee previously approved 2011 plan rates for Option 1 to reflect a contribution rate of 75% by the County. The BOE finalized discussions with REA with 2011 plan rates being set at 77% contribution by the County. The request for consideration is to accept 2011 plan year rates on Option 1 for BOE and County based on a 77% contribution rate to maintain consistency in premium rates. There are no changes to previously approved rates for Option 2 and 3 being requested.

Based on current enrollment numbers, and last year's open enrollment changes, the increase to the County would be \$204,403.25 in 2011.

A motion was made by Edwin McKnight to accept the recommendation as presented, and was seconded by Merry Hickerson. The motion passed unanimously.

Mrs. Barnes expressed her concern regarding the negotiations between the Board of Education and REA each year; she thanked the Committee for keeping consistency in County General and Board of Education groups.

OTHER BUSINESS:

Mayor Burgess had formed a Committee to review GASB recommendations to see if any adjustments were needed in the eligibility of years of service for post employment benefits. He wanted to make sure nothing was missed and everything was fair and equitable.

Sonya Stephenson, Human Resource Director, stated several employees were calling and that there were different interpretations regarding eligibility. We needed clarification of what was approved by the Commission originally. The 20-30 years of service as of 06/30/2010 employees had to have the years of service, and age, as of that date, to be considered "grandfathered" and could earn the years on the plan after that date. They would be able to get the 5 years on the plan to be eligible to retire with the benefits. That was the first confusion. She stressed, if they had 20-30 years of service and had the age requirement; they had the ability to earn the years of service after 06/30/2010. The Mayor repeated Mrs. Stephenson and verified that this is clarification as to what we thought we had done and are only confirming what was previously approved with that group of employees. We were giving them the opportunity to earn the years on the plan. Eligibility requirements for the 20-30 years of service are, age 55 with 15 years of service or age 62 with 10 years of service. If the employee has not met the requirement for the 5 years on the plan, employee must meet this requirement prior to retiring.

Mrs. Stephenson said the next group was the 10-20 years of service employees. They are also grandfathered employees; however, they have to meet all the guidelines by that specific date. In order to be considered "grandfathered", this includes age, years of service, and years on the plan, (all the eligibility requirements) as of 06/30/2010. Eligibility requirements to be considered "grandfathered" 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, or any age with 30 years of service and 5 years on the plan. If the employee did not meet all the criteria, the eligibility would change to age 60 with 20 years of service and 10 years on the plan.

The Mayor again stressed that this is clarification only on what was already approved; we are trying to reinforce and make this clear.

Mrs. Stinson stated that another consideration that was needed was to change the date from 06/30/2010 to 12/31/2010, the end of the year. This would allow the Board of Education (teachers) to return to the next school year in August. New teachers are normally hired in August; this would not adversely impact the first year of employment and years of service by moving the date to the end of the calendar year. We did not want to punish those individuals with their start date by not earning that year, based on their understanding and expectations.

The study committee, after discussion, has recommended moving the date to 12/31/2010. Mrs. Stephenson stated she ran another report and recalculated years of service and age, she determined that this could impact another 35 additional employees.

Mayor Burgess stated the Budget Committee had been informed that this Committee would be looking at asking for a different date for this criteria, and that a small number of people would be impacted, maybe a dozen or so. Now it will affect about 35 or so, and in an effort to make this fair and equitable, the recommendation is to move this date to 12/31/2010.

A motion was made by Elizabeth Crace to accept the recommendation to move the date from 06/30/2010 to 12/31/2010. The motion was seconded by Merry Hickerson.

Edwin McKnight expressed his concern, "what do we do when the next group of employees wants to move the date to 06/30/2011 or another day, where does this stop? At some point, where do we say no, and no means no." The mayor felt that we were now at a stopping point. We had moved the date from 06/30/2009 to 06/30/2010, talked about 08/31/2010, and now 12/31/2010. The other concern Mr. McKnight had was by moving the date to 12/31/2010, was about the .8 million referenced on the handout. Mrs. Stinson stated she had already contacted the actuary to determine what basis was used when calculating risk. It was determined that only age and years of service were used in assumptions, not years on the plan. She did not feel there would be a financial impact on the plan. Mrs. Nolen, Finance Director, stated that adding people in will affect the .8M. The .8M was as of 06/30. Mr. McKnight expressed his concern by not having the right figure to review. Mrs. Stinson said that the 30 odd individuals we are looking at would still have more time on the plan after 12/30/2010 to meet their years on the plan requirement. Mrs. Nolen said that the actuary did not have the drop day of 5 years, that some of the 149 we were looking at will drop off now. The .8M will be impacted both ways. The actuary study was based on 2008, the new study will be based on 01/01/2010 and will have higher numbers.

Mayor Burgess verified that there will be some up numbers and some down numbers, but in the big scheme of things, should not have a big effect. Mrs. Stephenson explained that 08/30/2010 date was

discussed at the prior Budget meeting, and by moving the date to 12/31/2010, it would affect 16 Board of Education employees. Out of the 35 estimated employees, 16 are at the school board.

Mrs. Hickerson wanted to clarify the discussion at the Budget meeting the previous evening. The change to the 08/30/2010 date was intended for teachers; if we cover one set of employees, we need to cover the rest of the employees. By moving the date to 12/31/2010, we make it fair by capturing not only teachers, but everyone else.

Commissioner Jordan explained he was reluctant to open this issue back up last night at the Budget meeting, as it is a painful subject. But by moving the date, we will exclude someone after 12/31/2010. He feels the Committee needs to stand firm on this issue and not open it up again.

The motion passed unanimously, and will go to the full Commission 06/28/2010.

Mrs. Nolen asked that we keep the 06/30/2010 date for the new hires post 06/30/2010, and not include that group of employees in the motion to move the date. This involves new employees hired after 06/30/2010 only. Mayor Burgess thanked Mrs. Nolen for catching this and asked for a motion to exclude that group.

A motion was made by Will Jordan to accept the new date 12/31/2010, with the exception of new hires post 06/30/2010. The motion was seconded by Mr. McKnight. The motion passed unanimously.

ADJOURNMENT:

The meeting was adjourned at 1:37 p.m.

Ernest Burgess, Chairman
Rutherford County Benefits & Insurance Committee