

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
AUGUST 26, 2010 COURTHOUSE

MINUTES

MEMBERS PRESENT:

VIRGIL GAMMON
MERRY HICKERSON
PAULA BARNES
REGINA HARVEY
JEFF SANDVIG
JOYCE EALY
WILL JORDAN
BILL SELLERS
GREG HALL
MAYOR BURGESS
ELIZABETH CRACE
DONNIE HESTER

OTHERS PRESENT:

EVELYN ANDERSON
SONYA STEPHENSON
MELISSA STINSON
PAUL HUFFMAN
ERNIE CLEVINGER
RHONDA HOLTON
KELLIE PERRIEN
DAN GOODE
RICK WISE
MARK KING
JEANNIE HERNDON
GREG DRENNON
KEITH CORNEILUS

APPROVE MINUTES:

A motion was made by Merry Hickerson to approve the minutes from June 24, 2010 meeting. The motion was seconded by Mr. Sellers and passed unanimously.

FINANCIALS:

Mrs. Stinson reviewed the Insurance Fund Performance spreadsheet for the past 2 months. The PEPM for medical/dental for June is \$750.56 compared to \$742.75 for the same period during prior year. The average cost PEPM for the fiscal year was \$686.70 compared to \$680.85 for the same time in prior year. This is a trend of 1.7%. When you combine the plan performance with the CareHere results, through June the YTD average was \$718.92 compared to \$710.92 for prior year. There were a total of 196 large claims over \$25,000, 15 over \$100,000, 2 over \$200,000, and 2 over \$300,000. For the fiscal year, the trend was 2.0%.

The PEPM for medical/dental for July was \$596.54 compared to \$640.97 for the same period prior year. With the CareHere results, the PEPM was \$620.30 for July. In July, there were 10 large claims exceeding \$25,000, and 2 claims exceeding \$100,000. We were slightly under 1% compared to last year totals in the month of July with expenditures at \$59,378.25. The prior year in the month of July was \$67,622.06

The OJI program YTD cost totaled \$941,855 compared to \$1,546,848 prior year; YTD totals represent 60.89% of last year cost.

WORKER'S COMP/OJI STATS:

Dan Goode, Safety Coordinator, reviewed the OSHA report for July. There were a total of 11 accidents, making the YTD 112. Of those, 73 are OSHA recordable, 24 have restricted days, and 23 have lost days. The Board of Education had 4 claims at \$36,434.16, and the County General had 7 claims at \$9,000.

Mr. Goode pointed out that there was a 77% drop in claims for the summer months with the Board of Education. Tim Street, Training Specialist, met with the lead custodians before the end of school year. He reviewed safety precautions for cleaning and waxing floors.

WELLNESS UPDATE:

The wellness coordinator, Kellie Perrien reviewed the 3rd quarter wellness programs. "Walking for Wi" ends on September 7th, upcoming events include a weight management program, "Taking Sleep Seriously" Lunch & Learn, webinars, and a Heart Walk on November 7th. There is a contest to rename the wellness program which ends September 17th. The Employee Appreciation Day is October 23rd at Lane Agri Park.

FINAL GASB DOCUMENT:

Mrs. Harvey asked that the Committee allow 2 speakers to address the Committee before the GASB 45 discussion. Keith Corneilus, President of the Rutherford Education Association and Rhonda Holton, principal of Eagleville Schools were allowed to speak. Each spoke regarding the GASB 45 liability for other post-employment benefits method of reduction for employees with 10-20 years of service. Mr. Corneilus said that he has been asked to compare the State plan to the County plan; that teachers represent the largest block of participants in the County plan. The BOE receives 45% of the State plan cost for each BEP position that the County has, whether the teacher participates in health coverage in the County or not. For example, if the State plan cost \$5,000, the State sends the BOE \$2,250 for each BEP position in the County.

Mrs. Stephenson asked Mr. Sandvig to clarify how the funding is received and who receives it. Mr. Sandvig stated that there are 2 cash flows- the 45% funding for all BEP positions is received by the BOE, the retiree's State funding is received for retired certified teachers through the Insurance Dept.

Mayor Burgess stated that GASB is not a state law, but an accounting standard we must put on the balance sheets for all current and future liabilities. The County has chosen this method of reduction because the liability is enormous, 13 million each year.

Mrs. Stinson, Insurance Director, stated that some clerical errors had been identified on the GASB document that was approved at the last Insurance meeting. The errors were identified; the final document is presented today. The intent of the committee was not to impact those individuals who had 20 or more years of service with the County. The dates reflected are correct on the document presented today for the 20-30 years of service as of 12/31/2010. The correction reads: **Grandfather all employees who have worked at least 20 years for Rutherford County as of 12/31/2010. If employee has not met the requirement for age or for the years on the Plan, employee must meet these requirements prior to retiring; however, the employee can accumulate the age and the 5 years on the Plan requirement after 12/31/2010.** All other age groups must meet all three requirements as of 12/31/2010. Mayor Burgess asked that everyone keep this final document now that it has been cleaned up.

Jeff Sandvig proposed that the 10-20 years of service employees as of 12/31/2010, be placed back in the position they were in before the County paid any of the retirement benefits; they be allowed to pay 100% of the cost of medical insurance at retirement. The retirees used to pay all the retiree medical premium; the full Commission approved 50% funding several years ago (1999-2001). There is an off-set of premium from the State for retired teachers.

After discussion, a motion was made by Jeff Sandvig to ask the sub-committee the specific proposal to modify the group of retirees in the 10-20 years of service category who don't meet the 15 year mark by 12/31/2010 to maintain their insurance and be allowed to pay 100% of cost less state support as a means of retaining their post retirement benefits. The motion was seconded by Paula Barnes and passed unanimously. The sub-committee will report back to the Insurance Committee at the next meeting.

Greg Hall reminded the Committee that the sub-committee has worked hard for the past couple of years regarding this issue. This issue did not just sneak up on everyone; this has been going on for a long time. He stated that pension plans were going broke all over the country, and that we have been working on GASB for some time. He expressed his appreciation to all the folks who have worked hard on this issue.

Mrs. Barnes also expressed her concern regarding all the hard work that had been done, but she also stated that she expected employees to review and watch the GASB process. The retirees did come forward, but active employees did not. She felt that there are not that many people who did not meet the 10-20 years of service and should not create a big impact; now that this has come to the surface; the BOE needs to be notified of this process. Jeff Sandvig added that this should be a cost neutral process, with some adverse selection.

Merry Hickerson reminded everyone of some points that may have been forgotten; it clearly states in the front of the benefit book that it is subject to change. She hopes that in 10-15 years there is still an active health plan in place. The Committee needs to keep costs down for everyone; changes have been made to the benefit plan because we do allow people to address the committee.

HEALTH CARE REFORM:

A sub-committee consisting of Merry Hickerson, Jeff Sandvig, Sonya Stephenson, and Lois Miller was formed regarding health care reform. Mrs. Stinson said that a consulting service is needed to help guide the County through the recently passed health reform legislation, and the financial impact on the County. Three proposals were received; after review, Deloitte Consulting, LLP was recommended by the Committee. Deloitte has a good background, is nationally recognized, has competitive fees, and offers ease of information and format. Consulting fees including related out-of-pocket expenses for this engagement will be \$60,900; upon completion of the diagnostic final report \$29,400 is due, and the remainder will be invoiced monthly in equal amounts of \$3,150. Mayor Burgess stated that is a professional service and did not have to bid it.

Mr. Greg Drennan, Director, addressed the Committee and answered questions.

A motion was made by Merry Hickerson to concur and endorse Deloitte Consulting, LLP to professionally guide the County with this process. The motion was seconded by Jeff Sandvig and passed unanimously.

The motion will be forwarded to the next Budget Committee meeting.

FOOT ORTHOTICS:

Mrs. Stinson said that on April 13, 2006 a resolution was signed by former Mayor Nancy Allen, to amend the health insurance plan document to allow for coverage of ESWT (Extracorporeal Shock Wave

Therapy). This is commonly used of the treatment of musculoskeletal conditions such as planter fasciitis; conservative treatment may include medically ordered custom molded foot orthotics. Currently, the health plan is written to exclude coverage for custom molded foot orthotics.

To have custom molded foot orthotics covered by the health plan, language to the existing medical plan would be adopted from the recommended CIGNA plan document.

A motion was made by Will Jordan to amend the current plan document to add custom molded foot orthotics when necessary for the treatment of ESWT. The motion was seconded by Virgil Gammon and passed unanimously.

OPEN ENROLLMENT:

Mrs. Stinson announced that Open Enrollment for Rutherford County benefits is October 4 – 29th at noon. All employees will receive payroll attachments in September, along with mail to their home. There are no mandatory meetings, but several voluntary meetings are set throughout the County. In addition, the Employee Appreciation Day on October 23rd, will have representatives available to help employees enroll at that time.

CAREHERE NO SHOWS:

Currently, there is a \$25 charge for a no show or missed appointment at CareHere. Enrollees are allowed one missed appointment without charge; the cost to the County for each missed appointment is \$40. Mrs. Stinson asked that the no show charge be changed to \$15. Mayor Burgess added that the clinics have changed some of their hours and sharing the Smyrna clinic has made more time available for County employees. Commissioner Jordan asked how convenient it was to cancel appointments; Mrs. Stinson stated that it is a very lenient policy, and can cancel up until the appointment time. CareHere sends an email reminder 48 hours prior to the appointment.

A motion was made by Merry Hickerson to implement the \$15 missed appointment charge as of January 1, 2011, starting with the first missed appointment. The motion was seconded by Greg Hall and passed unanimously.

OTHER BUSINESS:

The County is reaching the end of the dependent audit; 48% have completed their paperwork. The audit ends September 16th. Mrs. Stinson stated she was concerned for the welfare of the dependents on the plan as coverage will cancel if this is not done. Mrs. Stephenson told everyone to call Secova (company that is handling the audit) to see what other avenues are available to prove dependents. Mrs. Barnes added that the school board has been sending weekly emails and posting information.

ADJOURNMENT:

The meeting was adjourned at 2:14 p.m.

Ernest Burgess, Chairman
Rutherford County Benefits & Insurance Committee