FINANCE & RULES COMMITTEE
March 4, 2024

Present: Tom Osborne, Chair; Jeffrey Nellenback, Vice-Chair; Herb Frost; Vincent Nortz; and Barry Lyndaker.

Legislator Osborne called the meeting to order at 2:00 p.m. and explained that this meeting was called to discuss the current Health Insurance information that they have been given and more that was just recently handed out to see what direction the committee wanted to go in.

Additional Health Insurance Plan information – Ryan Piche, County Manager and Caitlyn Smith, Director of Human Resources

Ryan Piche began by recapping the last Finance & Rules Committee meeting and stating that there were three options proposed at the end as a way forward. A few legislators have come forward and asked for more information and questions.

Caitlyn Smith began by outlining the potential options as a 25% premium increase for all three health plans; different percent increases based on each plan, which is being recommended by administration; utilize General Fund to subsidize Health Insurance Fund; and/or issue RFP for fully insured option, which would be at least a 6-to-12-month process. The short-term premium increases are either 25% premium increase for all three plans or different percent increases based on plan type, which would be a 26% premium increase on the PPO Plan, 20% premium increase in the Hybrid Plan, and 20% premium increase on the High Deductible Health Plan (HDHP).

The comparisons that were done are based on information from 7 self-funded counties: Jefferson, St. Lawrence, Madison, Clinton, Franklin, Essex, and Hamilton; two school groups; and private organizations: Kraft, ARC, and Samaritan. There was a ton of data gathered but to analyze it all would get to detailed so it was kept at a high-level comparison. The Health Insurance Committee met and CSEA Health Benefits Department is working on comparison data to share as well but it has not been received yet.

Just looking at the comparison of self-funded county plans versus our "current" county plan it shows that our county HDHP has the lowest total annual cost at $21,733, with a 25% premium increase it would be in towards the top at $23,092, with a 20% premium increase it would be more towards the middle at $22,820. Our county Hybrid Plan is the lowest at $25,303 annually, with a 20% or 25% premium increase it would still be the lowest. The county PPO Plan, which has no comparison because it is unique to Lewis County, but currently it is lower than some other county Hybrid Plans.

If you look at the comparison of the current PPO Plan and Hybrid Plan employee share versus all the entities it shows that Lewis County PPO Plan is the highest at $7,883 and only gets higher with any increases, the Hybrid Plan is toward the top at $6,324 and gets closer to the top when you add in a 20% to 25% increase. There was additional discussion about how changes made to the PPO Plan would make it very similar to other Hybrid Plans and the nuances between plans and counties. The Lewis County PPO Plan is unique and really has no good comparisons.

Eric Virkler responded to Legislator Dolhof by stating that most counties are on a calendar year plan so they would have already implemented any increases, but Lewis County Health Insurance plans renew June 1st each year. In response to Legislator Nortz asking about what percentage of disposal income the premium is in comparison to other plans, Caitlyn Smith stated that it would be too difficult to find that out due to the amount of data.

A few long-term considerations for change would be to request a proposal from Excellus as an exercise to see what the cost might be to move to a full insured funding arrangement with them; conducting a full Health Plan Administrator and PBM RFP which would take a minimum of 6 to 7 months, could impact revenue of the hospital, and would limit the ability to make changes; Plan design changes which requires approval of collective bargaining units and would begin in June. There was further discussion on the percentage of what the employer pays versus what the employee pays with other plans being compared.

A few Plan Design ideas would be to make premiums based on years of service; make the premium percentages different for individual versus family plan or create a spousal surcharge; change percentage of COBRA amounts; do a more in-depth analysis on opt-out payments; create more incentive based wellness initiatives; and change pre-65 retiree contribution amounts. All these options would require negotiation and a vote from the Union. Right now, the only potential options are to increase all three health plan premiums by 25%; increase all three health plan premiums by different percentages, like 26%/20%/20%; utilize General Fund to subsidize Health Insurance Fund; issue an RFP for full insured option, however this wouldn't be a short-term fix as it would take 6 to 12 months.

Ryan Piche explained that the Hospital Board of Managers expressed that they would prefer increasing all three health plan premiums by increasing the PPO Plan by 26%, the Hybrid Plan by 20% and the HDHP by 20%. The CSEA Union expressed that they would prefer increasing all health plan premiums by 25%. Caitlyn Smith explained that most of the surrounding counties are self-insured. Legislator Osborne questioned how long it would take to get the Health Insurance Fund built back up to an appropriate level, Ryan Piche stated that Milliman gives three percentage increases one for conservative that has a 75% chance of covering increased expenses, middle that has a 50% chance of covering any increased expenses, and aggressive that has a 25% chance of covering any increased expenses. The options that are being discussed would be in the middle and have a

50% chance of being able to cover any increased plan expenses over the next plan period.

Legislator Nortz thought that enrolling the retires in Medicare Advantage worked well and was wondering if there was anything like that idea out there for health insurance, Ryan responded that due to regulations and having to set it up like a regular insurance company it would be difficult but something that could be looked at between St. Lawrence, Jefferson, and Lewis County. The other downside would be that it would require buy-in from many different Unions. Caitlyn pointed out that it is important to keep the Hybrid and HDHP competitive because those are the only two options for new employees.

Ryan Piche shared that the average salary for Lewis County employees is $51,000.00 which means that with the 25% increase in premiums for all three plans the PPO Plan for a single person would increase $0.36/hr.; family option would increase $0.95/hr. The Hybrid Plan for a single person would increase $0.27/hr.; two-person option would increase $0.53/hr.; and a family plan would increase $0.76/hr. The HDHP for a single would increase $0.23/hr.; two-person option would increase $0.45/hr.; and a family option would increase $0.65/hr. If an employee was on the PPO Plan it would be roughly $5.00/hr. that goes towards health insurance coverage. This equates to about 1/5th of an employee's hourly wage. An employee during open enrollment in April can switch to a less expensive plan.

All three of the health plans are included in collective bargaining now and there hasn't been any changes to the PPO is over 15 years. The Stop Loss Insurance that the county pays for is going up 36%, including a condition of removing one high-cost claimant from the Stop Loss Insurance policy. The Stop Loss Insurance premium was around $1.1 million for last year. Stop Loss Insurance only kicks in when a single person reaches $225,000.00 in expenses in one year, anything after that is reimbursed through Stop Loss Insurance. Eric Virkler stated that when he began the Stop Loss premium was only around $600,000. In response to a question Ryan explained that the Stop Loss threshold used to be $150,000.

The Health Insurance Plan expenses were discussed. The Stop Loss is paid from that fund, so is about $336,000 worth of other administrative costs. Legislator Nortz wondered if a stepped approach to the increase would work, Ryan responded that it would but it would likely make the Health Insurance Fund go in the red further before increasing. Ryan pointed out that increasing the plans by the recommended percentages has only a 50% chance of stabilizing the fund. There was further discussion on the premium increases of 25% across all three plans or the 26%/20%/20% idea. Legislator Dolhof wondered if a physical could be required to be on the PPO Plan and if you don't pass it then you can only have the option of Hybrid or HDHP.

Legislator Lyndaker questioned if perhaps the County should get out of the health insurance business and find something fully funded, Ryan responded that the health insurance is a large portion of the hospital budget and by going fully funded you would be handing over that control to an outside company. There wouldn't be any control over premium increases. There was some discussion on negotiated rates on medical expenses through Lewis County Health System and how that might be renegotiated with an outside fully insured company.

Jeff Hellinger, CFO of LCHS and Jerry Cayer, CEO of LCHS both spoke about their opinions of the options. Jeff stated that all employees should look at their own situation and review the plans carefully to choose the best option for themselves. Jerry Cayer voiced his opinion that if the 25% increase was across all three plans, it would be like the Hybrid and HDHP are subsidizing the PPO Plan. In his past he worked at a hospital that went from being fully funded to self-insured due to the gained control over costs.

Legislator Osborne asked everyone to really think about the options because all of them have advantages and disadvantages. Legislator Lyndaker voiced his opinion that the future needs to be considered and looked at closely to try and change the direction, so this same issue isn't brought up this time next year. Legislator Osborne stated that he felt the 26%/20%/20% increase was what he felt would be the best, Legislator Herb and Legislator Nellenback agreed. Legislator Lyndaker stated that the only way he will agree to a 26%/20%/20% premium increase is if the county starts making long-term changes too, so this doesn't keep happening. Legislator Dolhof agreed but reminded Legislator Lyndaker and everyone else that long-term changes require assistance and cooperation from the Union which has been difficult in the past.

Legislator Kalamas, who was in the audience, questioned the number of employees who have a one-on-one sit down with GKG to review their health insurance options to make sure they are on the best plan for their health, the response was only a handful of employees. The fact was stated that any employee who has the PPO Plan currently and switches to another plan can in the future switch back to the PPO during open enrollment. It was also pointed out that many people who have the PPO Plan would save money by switching to one of the other two options because they just don't utilize the plan. Legislator Lyndaker commented that the employees that he has heard from plan on just taking the $2,000.00 opt-out payment. It was pointed out that if many of the employees who are on the PPO Plan switch or opt-out that will only hurt the Fund balance.

Ryan pointed out that one of the problems is that health care consumers are not engaged in health care or preventative measures, which creates unnecessary claims, and it will eventually hurt the other two plans as well. In the long-term if the number of claims went down and employees were more engaged in health care it could solve the problem. There was further discussion on physicals, catching things early, the advantages of incentives and the number of Unions involved in making changes.

With no other business to come before the committee Legislator Nellenback moved to adjourn the meeting at 3:13 p.m., seconded by Legislator Frost, and carried.

Respectfully submitted,
Cassandra Moser, Clerk of the Board