Board of Commissioners

Official Minutes

Historic Courthouse, Committee Room
116 West Jefferson Street
August 5, 2013

The Thomas County Board of Commissioners met on the above date in a work session at 8:00 a.m. at the Historic Courthouse, Commission Chambers, with the following board members present:

J. Elaine Mays, Chairman, Dist. 8 (absent)	Moses L. Gross, Vice-Chairman, Dist. 2 (absent)
Merrill E. Baker, Jr., Dist. 1	Kenneth E. Hickey, Dist. 3 (absent)
Mark NeSmith, Dist. 4	Hershel P. Ansley, Dist. 5
Wiley E. Grady, Dist. 6	Phillip V. Brown, Dist. 7 (absent)

Staff present was Michael J. Stephenson, County Manager, Twink Monahan, County Clerk, and Jessie Winkelmann, Insurance Clerk.

The meeting was called to review options to reduce the cost of the county health plans. Representing Taylor Benefit Resources, Inc. was Darlene Taylor, John Taylor, and Mary Beth Donalson.

They presented the board with several options to reduce the costs that would not effect the county's grandfather status with the Affordable Health Care Act.

» **Grandfathering Clause**

Define - A grandfather clause is a provision in which an old rule continues to apply to some existing situations, while a new rule will apply to all future cases.

With respect to ACA – Affordable Care Act - New plans and non-grandfather plans, are subject to a larger set of requirements and must adhere to significant additional requirements including:

1. 100 percent coverage of preventive care, including current standard lab and x-rays with addition of colonoscopy, bone density testing and contraceptives;
    2. Provide coverage for clinical trials for experimental drug usage i.e. cancer treatments, MS, Skin conditions
    3. Additional requirements for emergency care coverage – limits on copay and disincentives for-non emergency use of the ER;
    4. More extensive internal appeals and external review process open for potential law suits;
    5. New non-discrimination rules; and new reporting requirements.
2. Plans will lose status if they
    1. Make any major change to their benefit plan
    2. Choose to reduce benefits significantly;
    3. Increase out-of-pocket/employee cost sharing beyond allowable limits;
    4. Or reduce employer contributions above the allowable amount i.e. formula based on medical inflation

3. Cost to the Plan with the loss of Grandfathering Clause

NET Expected costs to the plan with the loss of Grandfather Status

1. 100 percent coverage of preventive care $50,000, including colonoscopy $3,000, bone density testing, $2,000 and contraceptives $1,000.00;

2. Provide coverage for clinical trials for experimental drug usage i.e. cancer treatments i.e. one case $250,000-
$450,000 Exact is unknown and subjective

3. Broader employee choice of providers and emergency care coverage –limits on copay and disincentives for non-emergency use of the ER (Currently reduced to 50%) $6,500;

4. More extensive internal appeals and external review process open for potential law suits Unknown and subjective;

5. New non-discrimination rules and new reporting requirements CPA and legal fees. Estimate $125 per hour 20 Hour= $2,500.

NET Expected without clinical trial $62,500; with clinical trials $312,500 + legal and accounting fees

4. Allowable changes to retain Grandfathering Clause

What can be done without losing Grandfather status

1) Deductible change – Medical inflation 3/2010 + 15%. Medical cpi 6%+5%=21% allowable deductible change from March 23, 2010 plan.

a) Current deductible $500 * 1.21= $605 new allowable deductible - Total savings to the plan $29,000
b) No more than 5% reduction of the % cost share of the premium. Currently 91% of Single Cost; 84% of Family Cost.
c) Based on current rates,(not renewal}:
   i) 86% of Single Cost = $540.94 TC Cost; $88.06 EE cost
   ii) 79% of Family Cost= $1,239.51 TC Cost; $330 EE cost

Total Revenue (Savings) to the Plan $186,700.

2) Dental coverage can be dropped with a savings of $115,000.
   a) Increase deductible to $100, savings $9,000
3) Vision coverage can be dropped for all but children (mandatory coverage for children to age 22}. Savings $20,000.
4) New strict wellness plan with buyback deductible credit– Example:
   a) $4280 Per person deductible

b) Thru screening identify Hypertensive, Blood Sugar and Tobacco use. Those who seek treatment and control will "buy back" portions of their deductible.
c) No conditions - will have $500 dollar deductible
d) Cannot determine exact savings - 200 participants will be identified with one or more dx but cannot predict level of participation and practice
e) Potential $500,000; Estimate $300,000

NOTE: The plan can be set with a lower deductible ($2000, or $2500} an lower buy back with a lower savings potential estimated savings $150,000 to $250,000

5. Changes with consequences for the plan

Changes and the cost with the LOSS of Grandfather Status

1. The county may choose to cancel their plan entirely with a limited penalty of $2,000 per employee.
2. All employees could buy coverage from the exchange. Cost to the county $520,000 (w/o those eligible for subsidy) savings to the County $1,950,000.

Offer 3 tiers premium variable

- "Skinny" Plan Wellness only (no $2,000 penalty employee will not meet coverage requirement)
- Bronze – Minimum ACA Wellness, Minimum Copays and Deductible
- Regular Major Medical similar to your current plan or with new/changed benefit
- Increase Deductible to $2,000+ without wellness incentives
- Program savings of $275,000 - $400,000
- Increase employee premium by budget needs regardless of ACA limit,
- Revenue unlimited $500,000?
- Increase co insurance for all services 80%/20%; 60%/40% or 50%/50%)
- savings of $150,000-$300,000 (Eliminate 100% co- insurance – always pay at Co insurance level 80%; 60% or 50% savings $80,000 - $600,000)
- Eliminate free generic drugs
- Charge $5 per script savings of $25,000
- $10 per script savings of $50,000

6. Summary and Choice of Recommendations

Cost of loss of Grandfather $312,500 minimum

Consider reasonable changes

7. Recommendations and Choices

Make changes that will not affect the County's Grandfathering status

1. Minimum Increase of deductible (to $605) net savings $ 29,000 ***OR*** consider a wellness buyback program with level of $2500 with a buy back of 4 conditions at $500 each; Potential savings of $200,000
2. Increase dental deductible to $100 savings of $9,000
3. Increase revenue by increasing employee premiums to allowable level; Maximum savings of $186,712 consider *1/2* of the increase to save $93,356.

These changes would protect the County from the $312,000 loss of Grandfather Penalties and would generate savings/revenue in the amount of $302,356. Optional would be cancelling dental coverage with a savings of $115,000. I do not recommend cancelling vision, the cost is low, the benefit to high it is an important diagnostic and safety tool. Note, the plan is currently in the process of a disincentive program to steer spousal coverage to their own employer's plan.

The Board may want to consider an employee/management committee to meet quarterly to review employee benefits.

Note: All information, calculations, and recommendations included is this presentation are based on currently released and documented regulations from the federal government including the DOL, IRS and other agencies and are subject to change.

After reviewing all of the areas and recommendations the board members present are recommending the following changes that will save county tax dollars without jeopardizing the grandfather status.

1. Wellness Buy Back Program (a potential savings of $200,000)
    a. 2,500 deductible
    b. 4 Conditions @$500 each
        1. Diabetics
        2. High Blood Pressure
        3. Tobacco Usage
        4. Cholesterol
2. Increase the dental deductible from $50 to $100 (a potential savings of $9,000)
3. Increase Employee premiums ½ the allowable amount (a potential savings of $93,356)
    a. Family monthly premium from $250 to $290
    b. Single monthly premium from $55 to $71.53

Also discussed were the payments made to Archbold for medical services. A recommendation that Taylor Benefit Resources and Mr. Stephenson meet with Perry Mustian, Archbold Memorial Hospital's president and CEO, to negotiate the fees paid by the County Employee Benefit Program was Taylor

Benefit Resources will have the data of how much Thomas County Health Plans pay to Archbold, a non-taxpaying hospital.

The work session adjourned at 9:15 a.m.

ATTEST:

M. Twink Monahan, County Clerk