

**Human Resources/Insurance Committee
Blount County**

May 19, 2015 5:00 PM
Agenda

- 1) Roll Call**
- 2) Emergency Announcement**
- 3) Input on items on the Agenda**
- 4) Approval of Minutes (April 21, 2015)**
- 5) Discussion regarding Health Fund**
 - a) Information from Cole Harris-CBIZ
- 6) Reporting**
 - a) Budget report as of March 31(presented at budget workshop)
- 7) Input on items not on the Agenda**
- 8) Adjournment**

Human Resources/Insurance Committee Meeting Minutes
Tuesday April 21, 2015 – 5:00 P.M.
County Commission Room

Committee Members Present:

Phyllis Crisp	Ed Mitchell	David Murrell	Gary Farmer
Grady Caskey	James Berrong	Bill Dunlap	Mike Lewis

Committee Members Absent:

Tom Stinnett	Mike Caylor
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Others Present:

Jenny Morgan	Jodie King
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Minutes

- 1.) Roll Call
- 2.) Public input on items on the agenda-none
- 3.) Approval of February 3, 2015 minutes (regular scheduled meeting)
Approval of March 31, 2015 minutes (special called meeting) – Sherriff Berrong made the motion to approve both the prior minutes together. Motion seconded by Register of Deeds Phyllis Crisp. All the members were in favor, **motion approved**.
- 4.) Discussion and action on handbook policy updates. HR Director Jenny Morgan stated to the committee we reviewed these items at the last meeting and determined we should have the attorney review these policies. A letter from the attorney is enclosed. He believes the changes are appropriate and can be implemented as recommended.
 - a) **Pay Periods – Classification and Compensation section, page 8 of the Employee Handbook**
This update is to reflect the decision to move to bi-weekly pay periods so that the handbook will match the payroll schedule.
 - b) **Sick Leave Accrual – Leave Policies section, page 22 of the Employee Handbook**
During the Kronos Product Design Workshop, it was discovered through discussion with the Kronos team, that there are other options on how we can allocate sick days to our employees. Recommendation is to change the allocation day from the 31st day of employment to the 1st of the month following the 31st day of employment and thereafter employees will receive sick days on the 1st of each month. Decision will allow for more accurate tracking and cleaner accounting.
 - c) **Benefits Eligibility – Employee Benefits section, page 31 of the Employee Handbook**
During the Kronos Product Design Workshop, we began to discuss how we currently administer our benefits plans. We learned that we may have opportunity for improvement in this area. We currently allow new hires to begin coverage on the 31st day of employment. Ex. Hired on 3/31/15 – coverage will begin on 4/30/15, but the employee will pay for coverage from 4/16-4/30.

Moving coverage effective the 1st of the month after the 31st day will allow the employee to only pay for coverage they have and will be cleaner on the accounting side.

For the benefits termination effective dates – Recommendation is to move to terminate coverage at the end of a pay period rather than the last day worked. This also will allow for the employee to have coverage for the pay periods worked. Ex. An employee terminates on 4/6/15, we will pay for coverage through the 15th but coverage will end on 4/6/15. With the recommendation, coverage will terminate at the end of the biweekly pay period in which the employee last worked.

Mayor Mitchell made the motion to approve all the handbook policies and was second by Highway Superintendent Dunlap. A roll call vote was taken:

Ed Mitchell- yes	James Berrong-yes	Mike Caylor-absent
Phyllis Crisp-yes	David Murrell-yes	Tom Stinnett-absent
Gary Farmer-yes	Bill Dunlap-yes	Grady Caskey-yes
Mike Lewis-yes		

8 yes, 2 absent, Motion passed.

5.) **Discussion and action on Evergreen Solutions Resolution.** HR Director Jenny Morgan spoke about the information Evergreen presented during the March 31, 2015 Human Resources/Insurance Committee Meeting. HR Director Jenny Morgan asked if there were any further questions based on their information before we discuss/vote on the resolution and asked for the Committee to adopt this resolution to provide the County with the necessary structures/foundation to implement the recommendations from Evergreen less the financial recommendation that will be undertaken by the Budget committee. Some of the non-financial pieces of the recommendation are a classification system (to ensure we are paying our employees correctly in regards to OT – exempt vs. non-exempt), job descriptions (to ensure we have the correct detail on what our employees do), performance reviews (to evaluate our employees job performance to ensure they are performing at an expected level).

Sherriff Berrong made the motion to adopt the resolution to be forwarded to full Commission for approval. Motion was seconded by Mayor Mitchell. A roll call vote was taken:

Ed Mitchell- yes	James Berrong-yes	Mike Caylor-absent
Phyllis Crisp-yes	David Murrell-yes	Tom Stinnett-absent
Gary Farmer-yes	Bill Dunlap-abstained	Grady Caskey-yes
Mike Lewis-yes		

7 yes, 2 absent, 1 abstain, motion passed.

6.) **Discussion and possible action on the current status of the Health Fund.** A preliminary draft of an actuarial report from CBIZ was presented at the meeting. Cole Harris from CBIZ discussed the report with the committee which disclosed that funding sources did not cover plan expenses in excess of 1.4 million dollars for the year 2014. In addition the report projected a recurring shortfall of approximately \$255,000 per month for the remainder of 2015. Mr. Harris reported that CBIZ would be presenting funding/plan alternatives to the Committee in the next 60 days and that it would be unlikely that changes to the plan would be possible until January of 2016.

7.) **Discussion and possible action on future meeting schedule changes.** Chairman Lewis stated in light of the items the committee has oversight that he would like the committee to consider moving to monthly meetings. Motion was made by Highway Superintendent Dunlap and seconded by Commissioner Caskey to move to monthly meetings. Committee member David Murrell requested to include to a monthly report at the meeting showing the status of the health care fund activity including, but not limited to, the monthly revenues and expenses of the Health Fund and related fund balance. A voice call vote was taken and all was in favor and motion passed unanimously.

8.) Public input on items not on the agenda- none

9.) Chairman Lewis declared without objection the meeting would be adjourned. No objection and meeting adjourned at 5:55 pm.



Blount County Government HR Committee Informational Update

Presented by:

Cole Harris, RHU

Vice President of Sales & Marketing

CBIZ Benefits & Insurance Services of Tennessee, Inc.

Office: 865-251-5149; Fax: 865-251-5143





Overview

- Timeline
- Claims Analysis By Department
- Stop Loss
- Pharmacy
- Benefits
- State Plan
- Dental
- Contributions



Timeline (Renewal Dates)

- July 1st
 - Stop-Loss (Reinsurance Contract)
- January 1st
 - ASO (Vendor which processes claims and rents the provider network)
 - Carrier Adjustments
 - Benefit Adjustments
 - Premium Adjustments
 - Wellness initiatives



Timeline (Expected Recommendations)

- June
 - Stop-Loss (Reinsurance Contract)
- End of June – Beginning of July
 - ASO (Vendor which processes claims and rents the provider network)
 - Carrier Adjustments
 - Benefit Adjustments
 - Premium Adjustments
 - Wellness initiatives



Timeline (Required Decisions)

- End of June
 - Stop-Loss (Reinsurance Contract)
- End of July – Beginning of August
 - ASO (Vendor which processes claims and rents the provider network)
 - Carrier Adjustments
 - Benefit Adjustments
 - Premium Adjustments
 - Wellness initiatives



Claims Analysis – Overview (Past 12 Months)

	Active Employees	Retired Employees	Retired Dependents	COBRA
Avg. Member Enrollment	3,781	198	78	9
Avg. Claims Month	\$1,374,416	\$114,446	\$41,523	\$2,046
Annualized Claims	\$16,492,997.54	\$1,373,349.23	\$498,275	\$24,546



Claims Analysis – By Department Per Member Per Month (Number of Members)

Board of Education – As of 03/31/2015

	Active Employees	Retired Employees	Retired Dependents
# of Members	2,607	165	61
Per Member Per Month Cost	\$393	\$557	\$568



Claims Analysis – By Department Per Member Per Month (Number of Members)

General County – As of 03/31/2015

	Active Employees	Retired Employees	Retired Dependents
# of Members	392	10	3
Per Member Per Month Cost	\$294	\$1,216	\$1,629



Claims Analysis – By Department Per Member Per Month (Number of Members)

Sheriff – As of 03/31/2015

	Active Employees	Retired Employees	Retired Dependents
# of Members	641	14	5
Per Member Per Month Cost	\$269	\$342	\$152



Claims Analysis – By Department Per Member Per Month (Number of Members)

Library – As of 03/31/2015

	Active Employees	Retired Employees	Retired Dependents
# of Members	38	0	0
Per Member Per Month Cost	\$1,113	\$0	\$0



Claims Analysis – By Department Per Member Per Month (Number of Members)

Highway Department – As of 03/31/2015

	Active Employees	Retired Employees	Retired Dependents
# of Members	104	8	10
Per Member Per Month Cost	\$285	\$676	\$451



Claims Analysis – By Department Per Member Per Month (Number of Members)

COBRA – As of 03/31/2015

	COBRA Employee	COBRA Dependents
# of Members	7	2
Per Member Per Month Cost	\$528	\$111



Claims Takeaways

Average PEPM

- Active Employees: \$363
- Employee Retirees: \$579
- Dependent Retirees: \$530
- COBRA: \$239

Retirees

- Average Annualized Claims: \$1,871,624
- Expected Revenue From Retirees Payment Portion: \$101,400
- Total Funding Attribution: \$1,544,700



Stop-Loss

HM Life Insurance Company

- 2014:
 - 9.6% increase at 108% loss ratio
- 2015:
 - Estimated \$973,000 in excess claims from the Specific
 - 158% expected loss ratio
 - 45% Initial increase: \$277,117
 - 40% Increase after initial discussion (potential lasers): \$246,331

Market

- Sent out to 12 stop-loss vendors
- 9 have declined to quote thus far
 - All have stated that they would come in at over 100% over current rates



Pharmacy

Currently bundled to Humana coverage

- Plan paid out \$4,192,392 in Pharmaceutical costs as of 04/30/2015
- Added the pre-authorization benefit to the plan as of 01/01/2015

Options to save

- Add step-therapy to prescription coverage (estimated projected savings of \$82,000)
 - Must try lesser expensive prescription prior to approving higher cost drug unless Physician proves other prescription is not appropriate
- Move Pharmacy Benefit Manager to other vendor
 - Potential for pharmacy rebates and greater discounts
 - Separate ID Card for employee. Seamless otherwise
- Sent out to 11 PBM's thus far



Medical Benefits

Currently offering One plan option

- \$500 deductible option / \$1,500 Out-of-pocket Maximum
- 90% (Blount Preferred) / 80% (Outside Blount Co)/ 50% (outside network) Coinsurance
- \$50 Copay for Emergency Room
- Office visits after deductible is met
- \$10 Copay for Generics / 30% coinsurance to a max of \$60 for brand



Medical Benefits (continued)

Propose offering three options

- Option 1: Qualified High Deductible Health Plan with Health Savings Account
- Option 2: Traditional higher deductible plan with copays for prescription and doctor visits
- Option 3: Current plan offering

Wellness and Telemedicine

- Offer a non-tobacco discount through payroll deduction to ease in wellness strategies
- Offer Teladoc as a voluntary option allowing individuals access to a Physician for common illnesses when the clinic is not available with no consultation fees and ability to receive a prescription



State Plan

Platform:

- Fully-insured to the County
- No plan flexibility
- Partnership, Standard, or Limited PPO

Partnership:

- Required participation in wellness activities for both employee and spouse
 - Health Assessment, Actively participate in health coaching if contacted (must go through biometric screening at this point, tobacco cessation, and/or case management)
- Deductible: Employee \$450 / Family \$1,150
- Out-of-pocket: Employee \$2,300 / Family \$4,600
- Coinsurance: 90%
- Office Visits: \$25 PCP / \$45 Specialist
- Emergency Room: \$125 Copay
- Prescription: \$5 / \$35 / \$85



State Plan (continued)

Standard Plan:

- Deductible: Employee \$800 / Family \$2,050
- Out-of-pocket: Employee \$2,600 / Family \$5,200
- Coinsurance: 80%
- Office Visits: \$30 PCP / \$50 Specialist
- Emergency Room: \$145 Copay
- Prescription: \$10 / \$45 / \$95



State Plan (continued)

Limited Plan:

- Deductible: Employee \$1,200 / Family \$2,600
- Out-of-pocket: Employee \$6,600 / Family \$13,200
- Coinsurance: 70%
- Office Visits: \$35 PCP / \$55 Specialist
- Emergency Room: \$165 Copay
- Prescription: \$100 Deductible then \$10 / \$45 / \$95

Estimated Costs:

- Based on Standard PPO plan
 - \$20,926,772.76
- Based on Current funding
 - \$18,223,500



Dental Insurance

Current:

- Fully-Insured through BlueCross BlueShield
- Estimated Annual Costs
 - Active: \$943,900
 - Retirees: \$83,208
 - Total: \$1,027,108.68

Cost Breakdown:

- Employees: \$511,111.20
- Blount County: \$515,997.50



Dental Insurance

Options:

- Fully-Insured through different vendor
- Self-Funded
- Voluntary
 - Employees pay the premiums

Sent out to 22 vendors to market



Employee Contributions to Benefits

Study the impacts of adjusting payroll contributions for:

- Multiple medical plan options
- Dental
- Retirees



Thank you for your time!

Questions?



disclaimer - presented Budget Workshop 4/27/15

as of 3/31/15

Fund 264

Health Insurance Fund 264

Object	Project	Account Desc	Approved 14-15	Amended 14-15	Estimate 14-15	Requested 15-16
431010	0	SELF-INSURANCE PREMIUMS	9,300,000.00	9,300,000.00	7,822,294.00	8,322,294.00
431020	0	OTHER EMPLOYEE BENEFITS	9,000,000.00	9,000,000.00	8,072,989.00	8,072,989.00
441100	0	INTEREST EARNED	12,000.00	12,000.00	8,495.00	10,000.00
441600	0	RETIREEES INSURANCE PMTS	630,000.00	630,000.00	1,098,671.00	1,676,711.00
441610	0	COBRA INSURANCE PAYMENTS	50,000.00	50,000.00	32,400.00	40,000.00
			18,992,000.00	18,992,000.00	17,034,849.00	18,121,994.00

Object	Project	Account Desc	Approved 14-15	Amended 14-15	Estimate 14-15	Requested 15-16
500207	0	EMPLOYEE INSURANCE - HEALTH	605,000.00	605,000.00	625,614.00	672,000.00
500312	0	CONTRACTS W/PRIVATE AGCY	320,000.00	320,000.00	315,611.00	340,000.00
500325	0	FISCAL AGENT CHARGES	661,024.00	661,024.00	634,818.00	699,316.00
500507	0	MEDICAL CLAIMS	18,735,396.00	18,735,396.00	17,194,924.00	19,330,236.00
500530	0	FINES, ASSESSMENTS, AND PENAL	0.00	0.00	250,000.00	250,000.00
			20,321,420.00	20,321,420.00	19,020,967.00	21,291,552.00

Needed to Balance **3,169,558.00**

Health Insurance Rates - Monthly

	Total Premium	Employer	Employee
Employee Only	\$ 450	\$ 425	\$ 25
+ Child	1,100	975	125
+ Spouse	1,125	975	150
+ Family	1,150	975	175
Note 1	Employer paid premium is an expense in line 500207 for all funds that have payroll.		
Note 2	Total Premium creates 2 revenue streams (employee & dependent) in the Health Insurance Fund. (See accounts 264-0-431010-0 and 264-0-431020-0)		
Note 3	Total Premium should more than cover total expenditures for Health Fund 264.		

Retiree Insurance Rates - Monthly

	Total Premium	Employer	Employee
Employee Only	\$ 450	\$ 425	\$ 25
+ Child	1,100	975	125
+ Spouse	1,125	975	150
+ Family	1,150	975	175
Note 1	Employer paid premium is an expense for all funds that have payroll.		
Note 2	Total Premium creates a revenue stream in the Health Insurance Fund. (See accounts 264-0-441600-0)		
Note 3	Total Premium should more than cover total expenditures for Health Fund 264.		