

VILLAGE OF GRAFTON
VILLAGE BOARD MEETING MINUTES

SEPTEMBER 25, 2012

President Brunnquell called the Village Board meeting to order at 5:00 p.m. The Pledge of Allegiance followed.

Board members present: Jim Grant, Richard Rieck, Sue Meinecke, David Liss, and Jim Brunnquell

Board members absent: Dave Antoine and Lisa Harbeck

Staff Present: Village Administrator Darrell Hofland, Chief of Police Charles Wenten, Director of Public Works / Executive Utility Director Dave Murphy, Utility Director Thomas Krueger, Finance Director Paul Styduhar, and Administrative Assistant Melissa Depies.

Employee Health Insurance Committee members: Melissa Depies, Teri Dylak, Barry Ganske, Brian McCutcheon, Deb Paschke, Karin Sevener, and Paul Styduhar.

Others Present: Tina Wagner and Sandi Staeben from Stellarus Benefits, Officer Scott Brinkman, Administrative Secretary Sheryl Prohuska, and many retired employees.

RESOLUTIONS/ORDINANCES/ACTION ITEMS

2013 Health Insurance Plan Selection

Finance Director Paul Styduhar explained that on Thursday, September 20, the morning after the Village Board made a decision to remain with the state, Stellarus Benefits, presented a guaranteed lower premium rate from United Health Care. The new rate provided a savings to the Village; therefore, the committee believed it was necessary to share this new information with the Village Board.

Sandi Staeben from Stellarus Benefits explained the premiums were reduced because United Health Care (UHC) had a decrease in their base rates and the demographics for the Village had changed due to recent and anticipated retirements.

Mr. Styduhar stated that the savings to the Village with these new rates is approximately \$103,000 with minimal impact to the employees. He noted that for this presentation all numbers are based on health insurance premiums being covered 88 percent by the Village and 12 percent by the employee; vision and dental plan premiums are covered 50 percent. Dental and vision plans were added at the last minute as they are included in the State plan.

Mr. Styduhar explained that the deductible with the new UHC insurance increases to \$1,000 for single and \$3,000 for family. The committee is recommending that the Village

fund 100 percent of the deductible. Representatives from Stellarus have indicated that the average utilization for deductibles is 15 to 30 percent, however for budgetary purposes the Village would need to budget for 100 percent utilization in 2013 and carry over any savings to 2014. The new plan requires co-pays for the employees of \$30 for physicians, \$60 for specialist, \$100 for urgent care, and \$250 for emergency room. Prescription drugs double going from \$5/\$15/\$30 to \$10/\$35/\$60.

Trustee Grant questioned why the committee is recommending opting out of the State plan, what is the bottom line dollar for the employees. Mr. Styduhar responded that the employee would save approximately \$60 per year in premiums; however, have higher costs for co-pays and prescription drugs.

Mr. Styduhar explained that the committee is recommending opting out of the State plan with the understanding that the Village would fund the increased deductible through the FSA-Section 125 account.

The Board members questioned if this UHC insurance plan included retirees or what would happen with them. Mr. Styduhar responded that retirees were not included.

Ms. Staeben commented that their company will work with the Village retirees to find them coverage and their own policies.

Utility Director Tom Krueger questioned why only two tiers were being offered. He was under the understanding that there would be a four tier option for additional potential savings. Mr. Styduhar responded that the committee did research the four tier option and found that it was actually more expensive for the family plan and since most of our employees fell under that category it was decided to stay with the two tier system.

Bill Wisely, retired police sergeant, questioned how many years the Village would fund the deductible for the employees. President Brunnuell responded that, that is policy decision and would not be discussed. The topic of discussion is, if the Village will remain with the State plan or if they will opt out and contract for insurance independently.

Trustee Grant confirmed that if the Village gives notice that they are opting out of the State plan, we know what the effect will be on the employees. However, we have no information on how it will affect the retirees.

Mr. Wisely indicated that the retirees were not notified that the Village was considering a change. When they did find out through third party conversations, phone calls were not returned and answers were not given.

Mr. Styduhar commented that it was his understanding that all retirees were informed when the committee was formed. Mr. Wisely indicated that was not the case.

Trustee Rieck questioned what the average rate increase was each year from the State. Mr. Styduhar responded that it averages between 5 to 8 percent. Mr. Styduhar noted that

the committee did ask UHC for a rate increase cap for 2014. However, they denied the request. Representatives from Stellarus have indicated that the rate increases have been ranging from 1 to 14 percent; increases are typically based on usage.

Mr. Wisely questioned if the employees had to complete a health history rating sheet each year with the State plan. He was concerned that being independent of the state plan the rates would change due to health history. He was also concerned what type of drug plan UHC provides. He commented that the State plan has a great drug plan.

Trustee Rieck stated that he does not support any plan that does not include retirees.

Ms. Staeben explained that their company would be happy to work with the retirees and obtain a plan for them. They would search the markets and get the best policy for them as a group or individually.

Ms. Wagner commented that when a retiree comes off of a qualified group plan such as this, they are guaranteed Medicare Supplement enrollment. Retirees questioned what about the people who are retired but not yet 65 years of age therefore not eligible for Medicare. Ms. Wagner explained that for example a person who is retired and has not yet reached the age of 65 and has cancer would be a candidate for Healthcare Share at the State or Federal level, this is also known as the Hurst plan.

Mr. Styduhar noted that the committee remained concerned about the fact that the health history survey rated them in the "high risk" category as well as the unknowns in the national health care reform bill.

President Brunnquell was uncomfortable acting on this without more information regarding how this would affect the retirees. He questioned if Ms. Staeben and Ms. Wagner could provide an estimate. Mr. Styduhar stated that any information would be inaccurate without the proper medical history information.

President Brunnquell questioned what the current contribution rate was. Mr. Styduhar reiterated that the Village pays 88 percent and employee pays 12 percent of premiums, this split was used in both case scenarios. Retirees who obtain their insurance through the State plan pay 100 percent of the premium; however, when the Village leaves the state they must also leave the State plan.

Trustee Meinecke commented that at the Committee of the Whole there was discussion regarding not funding the full deductible and finding savings through the FSA. She noted that she was not comfortable with switching insurance with all the unknowns. There are other places the Village can save.

Trustee Rieck commented that this is not a good comparison because it does not include retirees.

Administrator Hofland indicated that it was his recollection that the Village Board requested the consultant work with the retirees to find them a group health insurance policy.

President Brunnquell indicated that they should have been included in the negotiations. Either in our group plan or in a plan of their own, this information would have been helpful when trying to make the decision whether it was appropriate to opt out of the State plan.

Sheryl Prohuska, Administrative Secretary for Parks and Recreation, stated that she was under the impression that the committee was to represent all those affected by insurance. They received this information at the last minute and have not even had a chance to review it. It was noted that the last minute information was only rate changes, nothing else.

Scott Brinkman, Police Officer, stated that giving retirees only 3 months to find different insurance seems kind of unfair. He also noted that the Village should have had information as to what the costs and exposure would be for them.

President Brunnquell indicated that there are two things to consider: 1) the Board is dealing with taxpayer dollars and 2) the Village needs to be loyal to our employees as well as the retirees. It was his opinion that without information and answers regarding the retirees, the Village Board cannot move forward.

Director of Public Works/Village Engineer Dave Murphy commented that the employee would save approximately \$60 per year in premium costs, however there is increased exposure in co-pays and prescription drug costs, which would be close to \$1,000 or more for many families. He would prefer to stay with the State plan.

President Brunnquell indicated that he is concerned that we do not have full information to make a fully informed recommendation. He suggested that we look at insurance again next year and include options for the retirees.

Ms. Staeben noted that the underwriters will not lock rates for more than 90 days out. As consultants, they cannot get firm rates from the underwriters any earlier in the process.

Dan Palkovic, retired police officer, questioned how was it determined that including the retirees would result in a raise the premium rates if the retirees did not go through the health history survey. Ms. Staeben stated that just the demographics alone would raise the rates.

President Brunnquell questioned what the options are for the retirees. Mr. Styduhar indicated that they would have to work with Stellarus Benefits on their own. Trustee Meinecke noted that it was not right to just send them off on their own without knowing what the ramifications would be. President Brunnquell commented that there needs to be a comfort level that everyone is taken care and right now we just do not have the necessary information.

Ms. Wagner presented some estimated rate information for retirees through UHC to give the Village Board an idea of what the retirees would be facing.

Administrator Hofland stated that if it is the Village Board's intention to stay with the State plan, then no action is required.

Trustee Grant commented that he is on Medicare and he has a supplemental plan where he pays nothing. Ms. Wagner responded that the plan is a Medicare Advantage Plan and is a HMO versus a PPO plan.

The consensus of the Village Board was to take no action and remain with the State plan for 2013.

President Brunnquell thanked Ms. Staeben and Ms. Wagner of Stellarus Benefits for assisting the committee in this matter.

Resolution to withdraw from the Wisconsin Public Employers' Group Health Insurance Program

No discussion or action.

ADJOURN

Motion by Trustee Grant, seconded by Trustee Meinecke, to adjourn the meeting at 5:48 p.m. Approved unanimously.