

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **INSURANCE**

DATE: APRIL 21, 2006

Committee Members Present:	Amy Clute, Insurance Administrator
Supervisors Mason	William Thomas, Chairman
Kenny	Joan Parsons, Commissioner of Administrative & Fiscal Services
Absent: Haskell	Joan Sady, Clerk
Bentley	Representing Capital Financial Group, Inc.:
Barody	John Weber
Gabriels	Lori L. Burch
Geraghty	Kristy Laney
	Carlene A. Ramsey, Sr. Legislative Office Specialist

Mr. Mason noted the lack of a quorum present and he suggested that an unofficial, informative meeting could be held.

Mr. Weber, President of Capital Financial Group, Inc., explained he would hold the majority of his planned presentation until a formal Committee meeting could be held. He suggested he could take a few minutes, today, and review the Medicare Supplement process. Thus far, he noted, the Federal Government had identified 20 different steps that must be completed to receive the Medicare reimbursement. He said, his staff had just completed step 20 only to learn that more steps will now be required. He said he felt the Federal Government was trying to figure out how to process the Medicare Part D Drug Coverage. In addition, he mentioned the Government had just extended the registration deadline, although the County retirees would not be affected by that.

Mr. Weber stated the Government originally planned to distribute reimbursement payments every quarter, yet they missed the First Quarter of 2006. He said their current plan was to issue payments by the end of August, for both the First and Second Quarters. Mr. Weber acknowledged Lori Burch, of Capital Financial Group, Inc. who reported the Government had moved on to collecting information related to the insurance carrier/vendor payment information which, she stated, was a good indication.

Mr. Weber noted that when an official Committee Meeting could be convened, he would distribute his list of steps completed, thus far.

Mr. Mason acknowledged that Supervisor Bentley had expressed his concerns that the premiums (for health insurance coverage in 2006) had not reflected much of a change. He queried whether or not Mr. Weber could shed some light on how and when the County would see a shift in the premiums.

Mr. Weber responded by pointing out the first concept the Committee members needed to be aware of was the County's \$6-\$7 Million in premiums were spread out over a number of different HMOs (health maintenance organizations). He noted that Washington County had been in a similar situation, several years ago.

Mr. Weber pointed out there were several steps to be completed to convert Warren County into an experienced rated pool.

1. Experience rated coverage was put out for bid in 2005
 - ✓ received very poor response;
2. Union Contracts call for a variety of HMO plans, with a \$20 co-payment.
 - ✓ Enrollment will need to be consolidated from four separate carriers, down to one carrier, with different products;
 - ✓ HMOs (by law) do not have to release the claims/experience information;
3. Union negotiations led to a new plan for a \$25 co-payment (with CDPHP);
 - ✓ one plan went from 200 to 600 enrollees, or 50% of the employees;
 - ✓ family coverage premium was reduced from \$80 a month, down to \$11 a month;

The staff at Capital Financial has received a number of messages from County employees - expressing their satisfaction with the new, alternate plan.
4. CDPHP will have over 50% of the experience, and its 2007 bid will be a good indication of the County-wide experience.
 - ✓ too risky for the Plans with only 20% enrollment to gauge whether it has the good or bad 20% of the entire group.

Mr. Weber reported that Washington County saved 20% (\$1 Million) in its first year of consolidating into one carrier. The savings, he said, was used to offset the second year's premium adjustment (30% increase). He pointed out the two-year average increase was still only 10%, or 5% a year, and the premiums were lower than those paid in Warren County. During the same period, he remarked Warren County had seen double digit increases for the last 10 years or so. He further reported that Washington County's third year came in with a 2% increase, for a three-year average increase of only 4%.

Mr. Weber acknowledged the first two years of experience rating would be very "touchy." In summary, he noted the HMO plans cannot be changed unless the co-payment changed as well. Since the Union contracts require the \$20 co-payment amount, he observed there were a lot of steps that needed to be coordinated in order to accomplish the premium reductions.

Mr. Weber observed that he had recently met with Assembly Representative Teresa Sayward and Senator Betty Little. He said he understood Assemblywoman Sayward and Senator Little were speaking with the New York State Insurance Department (Insurance Department) with regards to the requirements for muni co-ops (municipal cooperatives). Currently, he reported, the State requires a minimum of 2,000 enrollees.

Mr. Weber explained that during a conference phone call with Senator Little and the Insurance Department, he pointed out the 2,000 limit for the muni co-ops was set too high. He mentioned the upstate counties (like Washington and Warren Counties) did NOT have the minimum 2,000 people to form the Co-Ops and take advantage of the premium benefits.

Mr. Weber reported the Insurance Department representatives (in New York City) were surprised to learn there were counties within New York State that could not meet the 2,000 minimum. He said he had also spoken with Assemblywoman Sayward with regards to the need to educate the Insurance Department of the dilemma with the upstate counties.

Therefore, Mr. Weber urged the Committee members and Town Supervisors to consider writing to the Insurance Department and demand the 2,000 limit be removed.

Mr. Weber reiterated that the key factors preventing drastic reductions in the health insurance premiums include: the County needs to convert to an experience rated pool; the information on plan experience was not yet available, due to the multiple HMO plans required by the Union contracts; and carriers would not submit a bid without the experience information.

Mr. Weber explained he would be happy to go over all of the steps again, at the next Committee meeting, anticipating that more of Supervisors would be in attendance, next month.

Mrs. Parsons entered the meeting at 9:42 a.m.

Mr. Weber reiterated that everything hinged on getting the information that would allow the carriers to submit a bid on the coverage.

County Attorney, Paul Dusek, clarified the current Union contract included a provision that would allow the negotiations to be re-opened with regard to health insurance coverage. Therefore, if the bids for 2007 coverage turned out to be quite attractive, he stated, the County could meet with the Unions to discuss the package.

General discussion ensued.

Mr. Weber pointed out that although the meetings with the Unions had not yet resulted in significant premium reductions, he said he felt a lot of information had been passed on to the union representatives. He further pointed out the union representatives were now fully aware of the County's intention to obtain better control of the health insurance costs, without affecting anyone's coverage.

Mr. Kenny acknowledged the Committee was not officially in session. However, he said he would like to recommend that the Committee draft a letter to the State Legislature and State Insurance Department with regards to Mr. Weber's earlier comments.

Following a brief discussion, it was the consensus of the Committee members in attendance, to accept Mr. Weber's offer to compose the draft letter. Mr. Weber agreed to bring such letter to the next Committee meeting for review and approval.

Discussion ensued.

Mr. Weber declared he would forward the same letter to the Washington County Board of Supervisors. He stated that if the Legislature and Insurance Department received letters from each of the towns and villages, in support of the Counties' letters, the proposal just might get their attention.

Mr. Mason extended his appreciation to the Capital Finance representatives for their attendance today.

Mr. Weber explained that his full presentation for the Committee would require approximately 30 minutes.

Mr. Weber and the Capital Finance Group representatives left the meeting at 9:49 a.m.

Mr. Mason turned to the second Agenda Item, and invited the County Attorney, Paul Dusek, to explain the proposed resolution.

Mr. Dusek reported the Safety National Casualty Corporation carried the County's Excess Workers' Compensation and Employers' Liability Insurance coverage. He stated that Safety National had requested the County formally acknowledge its understanding that any loss under the policy would mean the claims expenses would be part of the loss coverages of the policy. Therefore, he continued, the limits come down by virtue of claims costs. He said he felt, Safety National's consent form was intended to clarify some of the language in the policy, and he felt comfortable with having the Chairman of the board sign the form, as requested.

In addition, Mr. Dusek pointed out the proposed resolution also ratified the actions taken by the Chairman at the time of policy renewal, in November 2005. He reminded the Committee of the unavoidable time constraints, in November, which required the Chairman to execute the policy renewal before a Committee meeting could be held.

Mr. Kenny pointed out that a quorum was not present and queried how the resolution could move forward at this point. Mr. Dusek stated the Chairman of the Insurance Committee could bring the resolution to the floor at the full Board meeting.

Mrs. Parsons further clarified the routine procedure would be to hold the resolution until the day of the Board meeting, rather than including it in the packet of draft resolutions mailed to the Supervisors prior to the Board meeting.

Returning to the Agenda, Ms. Clute pointed out the third, and final item, was the intended Committee discussion on the comprehensive and collision coverage for county-owned vehicles. She said she would prefer to hold the discussion for the full Committee.

Following a brief discussion, Mr. Mason adjourned the informational session at 9:56 a.m.

Respectfully submitted,
Carlene A. Ramsey, Sr. Legislative Office Specialist