

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: SUPPORT SERVICES (INSURANCE)

DATE: OCTOBER 21, 2008

COMMITTEE MEMBERS PRESENT:

SUPERVISORS VANNESS  
GIRARD  
SIMMES  
GOODSPEED  
STRAINER

OTHERS PRESENT:

AMY CLUTE, SELF-INSURANCE ADMINISTRATOR  
REPRESENTING CAPITAL FINANCIAL GROUP, INC.:  
JOHN WEBER, PRESIDENT  
KRISTY LANEY, VICE PRESIDENT  
LORI BURCH  
DEBBIE BROWN

COMMITTEE MEMBERS ABSENT:

SUPERVISORS SHEEHAN  
TAYLOR

FREDERICK MONROE, CHAIRMAN  
PAUL DUSEK, COUNTY ATTORNEY  
HAL PAYNE, COMMISSIONER OF ADMINISTRATIVE & FISCAL SERVICES  
JOAN SADY, CLERK OF THE BOARD OF SUPERVISORS  
KEVIN GERAGHTY, BUDGET OFFICER  
TODD LUNT, DIRECTOR OF HUMAN RESOURCES  
AMANDA ALLEN, SR. LEGISLATIVE OFFICE SPECIALIST

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In the absence of Committee Chairman Sheehan, Supervisor VanNess, as Vice Chairman, called the meeting of the Support Services Committee to order at 10:23 a.m.

Motion was made by Mr. Girard, seconded by Mr. Strainer and carried unanimously to approve the minutes from the October 1, 2008 Committee meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Amy Clute, Self-Insurance Administrator, who distributed copies of the agenda to the Committee members. *A copy of the agenda is on file with the minutes.*

Beginning with Agenda Item 1, Ms. Clute announced that representatives of Capital Financial Group, Inc. were in attendance to make a presentation on the 2009 health insurance options for Warren County employees and retirees.

John Weber, President of Capital Financial Group, Inc., noted that this was the time of year in which they preferred to meet with the Committee as health insurance companies were beginning to release program benefit cost estimations and details. He said that they were currently working with the PBA (Police Benevolent Association) on an agreement which would increase the co-payment for PBA members to \$25, as was already the case with the health insurance coverage options offered to all other County employees. Mr. Weber said that the PBA had yet to agree to the increase in co-payment but they expected to receive a positive response in the near future.

With respect to the health coverage options offered to County retirees, Mr. Weber apprised that costs for retiree coverage had increased and that the CDPHP Retiree program, which had been free in 2008, would cost \$19.85 per month for an individual policy in 2009. In light of the increase, Mr. Weber stated that it was a perfect time to introduce and vigorously market the Medicare Supplement programs available to retirees as they were cost free to the individual. Mr. Weber's staff distributed several documents outlining the benefits and costs associated with the health care programs, copies of which are on file with the minutes.

Mr. Weber explained that the Medicare Supplement programs allowed Medicare to pay for 80% of health procedure costs, while the remaining 20% was covered by the company underwriting the Medicare Supplement coverage. He said that the Medicare Supplement programs were very simple to use and the benefits worked similar to the health

insurance coverage that the individual had as an active employee in that there were no additional forms to fill out, they simply presented an identification card which authorized coverage and subsequent to the medical visit payment was made by the underwriting insurance company based on a claim form submitted by the physician's office.

Referring to a document entitled "2008 Medicare Eligible Retiree Enrollment", a copy of which is on file with the minutes, Mr. Weber advised that of the 290 retirees enrolled in health coverage plans, only 32 had elected to partake in the Health Net Medicare Supplement program currently offered. He said that he felt the reason behind the low number of enrollees was based upon the fact that the CDPHP program had no cost to the retirees in 2008. Mr. Weber reiterated that he foresaw 2009 as being a good year for Medicare Supplement enrollments as the CDPHP coverage costs were increasing and would no longer be an option for premium free coverage.

Mr. Weber stated that in addition to Health Net, Medicare Supplement programs with CDPHP and Blue Shield would be offered to retirees in 2009 with no premium cost to the enrollee. He added that the costs to the County for the Medicare Supplement enrollees would be approximately half the price of the other programs available. Mr. Weber advised that in the future, the County might consider offering only the Medicare Supplement coverages to retirees as they worked as well as the base programs currently offered but would lend a great savings to the County in health care costs.

Kristy Laney, Vice President of Capital Financial, Inc., advised that they had initially received quotes from seven different carriers for Medicare Supplement coverage and had narrowed the spectrum down to three carriers in order to offer different benefits that would coordinate with the needs of each applicant. She said that because the Medicare Supplement options were not mandated to the retirees, in some cases it was very difficult to convince them to switch and meetings would be held to address the questions and concerns of the retiree members by representatives from each of the three underwriting companies, as well as retirees partaking of the current Health Net Medicare Supplement program. Ms. Laney stated that it was their goal to enroll as many retirees as possible in the Medicare Supplement programs through these efforts.

Mr. Weber reminded the Committee that a Medicare Part D subsidy was received from the Federal Government on the drug card associated with the base programs in which retirees enrolled. He said that if the retirees switched to the Medicare Supplement programs, the Part D subsidy would be lost; however, he noted, the amount that would be saved in premium costs through this change was much greater than the subsidy received. Mr. Weber stated that in 2007 the County had received \$92,000 in Medicare Part D subsidy and expected to receive approximately the same amount for 2008; he added that although the subsidy would be lost if the retirees chose to change to a Medicare Supplement program, the County would save approximately \$450,000 in premium costs.

When asked about the increase in insurance costs, Mr. Weber apprised that, assuming the PBA agreed to the \$25 co-pay option, the increase in insurance costs would be 8.9%; however, he added, if the PBA decided against the increased co-pay, the increase would be much higher. He noted that if all of the current retirees changed to the Medicare Supplement programs the increase could be reduced to approximately 3%. Mr. Weber reminded the Committee that the health coverage cost increase had been 6% for 2008 and that figure could be attained for 2009 if the PBA agreed to the \$25 co-pay option and half of the current retirees switched to the Medicare Supplement programs.

Mr. Weber apprised that although insurance rates had yet to be filed with the NY State Insurance Department, most companies had released estimated costs for 2009. He cautioned the Committee members to be wary of any estimated insurance costs relayed to the Towns and Villages, as those figures were usually advertised approximately 3% lower than the actual rate that would be adopted for competition purposes. Mr. Weber stated that the rates

shown in the charts distributed included a slight allowance to cover the anticipated increase. He reiterated that the actual rates would not be known until the rates were filed with the State, which would not happen for another week or so. Mr. Weber said that in the past the insurance companies had been required to file their rates with the State by October 1<sup>st</sup> which made the budgeting process much simpler. He added that the statute had since been changed to allow the companies to file the rates 30 days before they became effective which was a huge inconvenience.

Mr. Geraghty asked if the Towns would ever be able to join with the County to partake of the health insurance rates offered and Mr. Weber replied that in order to do so a muni-coop had to be formed, which required a group of 2,000 enrollees. He said that they were able to form the muni-coop; however, he said, the State would not allow any groups of less than 50 enrollees to join as they were required to hold HMO coverage, which did not comply with the community rated program they desired. Mr. Weber advised that he had brought this issue up with State Legislators several times in hopes that they would disallow this statute but they had yet to act on the issue. He said this issue was caused mainly because the State Insurance Department gauged all of its statutes on the larger Counties of the State which had a much larger number of enrollees in their programs.

Lori Burch, of Capital Financial, distributed copies of the schedule for enrollment meetings, a copy of which is on file with the minutes. She advised that although the plan benefits had already been mailed for the CSEA, non-union and Alliance members, they were unable to mail the schedule of enrollment dates until the PBA agreement was finalized. Ms. Burch added that their goal for the day was to gain the Committee's authorization to offer the three Medicare Supplement programs discussed earlier in the meeting so that mailings could be distributed to the retiree members reflecting the new coverages and advising of the open enrollment meeting dates.

Mr. Goodspeed questioned how the health insurance rate increases related by Mr. Weber would affect the 2009 Budget and Mr. Geraghty, speaking as Budget Officer, advised that the increase was higher than what was anticipated when developing the budget; therefore, he said, it was very important to encourage as many retiree members as possible to join the Medicare Supplement programs in order to decrease insurance costs and meet the anticipated budget.

Mr. VanNess suggested that it might behoove the County to generate a letter directed towards the retiree members, encouraging them to enroll in the Medicare Supplement coverages in order to assist in reducing the 2009 County Budget. Ms. Burch advised that if this was the Committee's desire, her firm could draft a letter to this effect, reflecting the positive benefits of the programs, for the Chairman's signature. Chairman Monroe stated his opinion that it would be better to have some retirees already on the Medicare Supplement programs present at the open enrollment meetings to express their positive dealings with the programs and relay that they were amenable to the retirees. Mr. Weber advised that they intended to have retiree members, as well as company representatives, present at the open enrollment meetings to answer any questions that the retirees might have. He added that they also intended to forward a letter advising of the positive aspects of the Medicare Supplement programs, such as that the premium was free and that the co-payments were lower than the non-Medicare Supplement programs being offered.

Mr. Goodspeed stated that while he felt it was a good idea to draft a letter from the Chairman of the Board to this effect, he advised that a similar approach had been taken for retired employees of the Town of Johnsbury and some had still been wary of making the change, regardless of the decreased cost and increased benefits. He then asked why the change could not be mandated and Paul Dusek, County Attorney, advised that the approach had to be negotiated with the Union before the programs could be mandated to the retirees.

Mr. Dusek advised that because of the increased benefits and the free premium for retirees, he felt that there would be a natural migration to the Medicare Supplement programs. He added that while a letter from the Chairman of

the Board announcing the positive benefits of the programs was a good idea, a reference to the affects the coverage would have on the County budget was inappropriate. Mr. Dusek stated that the Committee's true motivations would become suspect if references to the budget were included in the letter.

Discussion ensued.

It was the consensus of the Committee that a letter regarding the positive benefits of the Medicare Supplement programs should be drafted and signed by the Chairman of the Board and then forwarded to all County retirees along with the program benefits and costs.

Motion was made by Mr. Goodspeed, seconded by Mrs. Simmes and carried unanimously to authorize Capital Financial Group, Inc. to increase the number of Medicare Supplement programs offered to the retirees, retroactively approving the actions taken therefore, and the necessary resolution was authorized for the November 21<sup>st</sup> Board meeting. *A copy of the resolution request form is on file with the minutes.*

Mr. Weber and his associates left the meeting at 10:55 a.m.

Proceeding to Agenda Item 2, Ms. Clute reminded the Committee that during their prior meeting interviews had been held for prospective Safety Consultant services but a decision had not been made as to who they would contract with. She said that she was now seeking the Committee's direction as to whom they preferred to work with.

Mr. VanNess stated that as he recalled, it was the general consensus of the Committee that they would accept the bid presented by Cool Risk Management as their proposal offered an option to end the contract after one year. Ms. Clute said that as per her recollection, the Committee had been in favor of the first option presented by Cool Risk Management which offered a premium of \$40,000 for one years service.

Mr. Girard apprised that he had left that meeting early to attend another appointment and had not been present for Cool Risk Management's presentation. He noted that he had been in favor of an agreement with the Needham Risk Management as the offerings seemed to be in line with making adjustments to bring the County into compliance with safety issues as mandated. Mr. VanNess said that at the end of the process, the Committee had been a little wary of contracting with Needham Risk Management as theirs was a small operation and the Committee was worried that they would not be able to appropriately meet the needs of the entire County with their minimal staff. Ms. Clute added that the Needham Risk Management proposal had offered 450 hours of service per year for a total of \$29,500, while the Cool Risk Management proposal offered 700 hours of service per year for a total of \$40,000. She said that when the contract prices were divided by the number of service hours offered, the Cool Risk Management proposal had the lowest per hour rate.

Mr. Strainer stated that the Needham Risk Management proposal offered a minimum contract term of three years, while the Cool Risk Management proposal offered the County the ability to end the contract after one year. In addition, he said that the fee included in the Needham Risk Management increased successively over the three year term and the Cool Risk Management proposal retained the same fee over the life of the contract term.

Mr. Girard suggested that they contact Needham Risk Management to inquire as to whether they would be willing to alter their proposal to include the same specifications offered by Cool Risk Management prior to making a decision.

Subsequent to further discussion on the matter, motion was made by Mr. Strainer, seconded by Mr. Girard and

carried unanimously to authorize Ms. Clute to contact both Needham Risk Management and Cool Risk Management and set up a second meeting to further discuss their proposals for Safety Consultant services.

Concluding the agenda review, Ms. Clute presented Agenda Item 3 which consisted of a request to reclassify the position of Account Clerk, Grade 4 - base salary \$27,281, to that of Self-Insurance Assistant, Grade 7 - base salary \$31,250. She explained that the upgrade was being requested as the duties being performed by the current employee were beyond those included in the description of the Account Clerk title, such as auditing workers' compensation claims, authorizing medical tests, researching laws and verifying payments on disability claims. Ms. Clute reminded the Committee that the current position had been reclassified from a Grade 12 to a Grade 4, significantly reducing the salary when the person previously holding the position had retired two years ago. She advised that the title change requested had been approved by the Civil Service Department and noted that the position was fully funded by the Self-Insurance Fund, which was contributed to by the participants of the program; therefore, she said, the position was not funded through the County Budget.

Motion was made by Mr. Girard, seconded by Mr. Goodspeed and carried unanimously to approve the request to reclassify the position of Account Clerk, base salary \$27,281, to that of Self-Insurance Assistant, base salary \$31,250, and refer same to the Personnel Committee. *A copy of the request is on file with the minutes.*

As there was no further business to come before the Support Services Committee, on motion made by Mr. Strainer and seconded by Mr. Girard, Mr. VanNess adjourned the meeting at 11:15 a.m.

Respectfully submitted,  
Amanda Allen, Sr. Legislative Office Specialist

