

VILLAGE OF OAKWOOD
COUNCIL BUDGETARY HEARING MINUTES
December 8, 2020

ATTENDED

Johnnie A Warren – Council President*	Brian Thompson-Finance
Elaine Gaither – Council-at-Large*	James Climer – Law Director
Eloise Hardin-Ward 2	
Melanie Sanders – Ward 3	Adam Zeleznik-Mutual Health Services
Patricia Rogers – Ward 4	Jim Love – Love Insurance Broker
Candace Williams – Ward 5	

ABSENT

Mayor Gary Gottschalk

* Arrived after roll call

Meeting opened at 6:06 by Hardin

Pledge of Allegiance recited

Thompson introduced the two gentlemen who handle Village insurance claims. **Jim Love, Love Insurance:** We begin the renewal process in September watching the claims, markets, then a full submission goes to 9-10 carriers with your total enrollment, claims history, design and description of large claims over \$35,000 and with history through November 30. This report reflects information I reviewed with Brian and Adam Zelenik. Mr. Zeleznik deals with Mutual Health Services which adjudicates all your claims and negotiates with the reinsurer, Bardon Insurance, which provides the insurance claims over \$35,000. They have been your carrier going on three years. Medical Health Services offered a renewal in October at 4% higher. After negotiations, the report shows the result of their offer. The total monthly premium is \$27,636.76 which includes administrative costs and all your charged costs then your claims are added to that. Those claims include dental and vision which is about \$40,000. Your options are UME Insurance with \$30,897 monthly cost with a Lasor total of \$790,000. Lasers involve large claimants on your plan which exceed \$35,000. Last count you had eight. We will put high lasers on the high claimers on your plan. That is the same for OIA Insurance. Their premium was \$31,937.76 which includes your claims adjudication costs with Mutual Health Services. Their total laser is \$745,000. We redacted the names for their privacy. We also went to Spectrum Insurance which declined, as did Sunlife. Anthem Blue Cross Blue Shield in Ohio did not offer a quote. I did receive one last year which was significantly higher. I expect them to come back with higher premiums and higher lasers. Jefferson Health Plan is a public entity plan for Ohio's townships and cities. They administer their plan through reinsurers Medical Mutual and United Healthcare. In the past three years they have declined as they did this time. Lastly, we went to a fully insured program. Medical Mutual offered a quote with Formfire; electronic secured medical applications completed by the employees and dependents which we did last year. Insurance carriers will only quote from those forms. Medial Mutual premiums are 6-7% higher than last year. Last year they were \$1,070,000. This would become an indemnity plan where they offer their richest plan. Mutual Health asks the employees to send in for a reimbursement. It is difficult to administer. Most employees wouldn't like it. **Hardin:** Do you have any idea what plan is used in Glenwillow? **Love:** We did a summary for Brian and the Mayor of seven like-size villages in Cuyahoga County. **Zeleznik:** We provided a municipality benefit summary. We looked at the benefits Oakwood provides their employees comparing them with seven local municipalities. **Hardin:** Could you numerate those benefits? **Zeleznik:** We look at seven benefits for each one; deductible, out-of-pocket maximum, co-insurance amount after deductible has been met, co-pays for primary and specialty care visits, urgent care co-pays, emergency room co-pays, and prescription drugs. We found Oakwood has the richest benefit of all the municipalities we surveyed. Oakwood has a zero-dollar deductible with the average being \$350/single and \$700/family. Oakwood has an out-of-pocket maximum of zero dollars and the average was \$1000/single and \$2000/family, co-insurance amount or percentage of every claim after deducible has been met for Oakwood is zero dollars, the average is 20%. The employee would owe 20% of all claims after the out-of-pocket maximum. Co-pays for visits has a zero-dollar copay and the average is \$25, Urgi-care co-pay is \$25 for Oakwood and the average is \$35, Emergency room visit co-pay for Oakwood is \$25 and the average is \$100. Prescription drugs have \$0-generic/\$2-formulary/\$2non-formulary with average being \$10/\$20/\$62.50 respectively. **Williams:** Thanks for being here. Based on the information you provided when we went to market for other comparable plans, were we going for these rates or alternatives for higher deductibles. **Love:** We went to market with

your existing benefits. Until Administration and Council want to do plan changes, that is what we have to honor. I understand you have agreements with unions. We talked about going forward making plan changes 60 days ahead to current employees and for new employees we can offer a different plan. Our suggestion to Brian and the Mayor was to offer a plan for all new employees with different co-pays and out-of-pocket. As you have attrition and hire new employees, we get the other benefit plan, still a good plan but not as rich. This would move people to managing their care differently. **Williams:** We can offer an alternative to new employees immediately. **Love:** If you notify us of the plan change, yes. **Zeleznik:** During open enrollment you can do that with 30 days-notice to employees. If you are making a plan change outside of open enrollment, you will need a 60-day notice to employees. **Williams:** If we were to offer a different plan instead of our existing plan, what do we need to do? **Love:** If you are going to do it effective today, you can do that for existing employees with 60-day notice. **Williams:** For new employees, we would select an alternative health care plan. **Love:** Correct. If your union allows you to do that, you can make benefit changes but give your current employees 60-day notice, so they are aware of the changes and prepare for that. **Williams:** How does the laser work? **Love:** When we renegotiate your renewal, the insurance carrier comes back and looks at your claims history which is very detailed. They know exactly what each employee and dependent have, their conditions, etc. You have a number of employees with ongoing large claims. They come back and will offer a renewal with a laser on two individuals. The names have been redacted. You have \$35,000 deductible now. For anyone not lasered, their claims are paid by the Village up to \$35,000. Above that, the insurance carrier pays for it. For two individuals, the claim attachment is \$75,000 for one and \$130,000 for the other. That means the Village will have to pay the first \$130,000 in claims for one and the other the first \$75,000 on the other before the insurance pays any claims. That keeps the premium lower. It is better to get a lower premium offer. That is what the lasers are. UMI has six lasers varying from \$75,000 to \$225,000. That would be catastrophic to your medical claim payments. IOA has four lasers with the lowest \$80,000 and another at \$400,000. That tells us there are claims they are concerned about. We did get three good offers and one amazing offer. **Hardin:** Brian, how much did we pay last year in medical expenses including premiums? **Thompson:** \$811,526 in 2018, \$1.33 million in 2019. **Zeleznik:** In 2018 you had six average single enrolled employees and 26 family. In 2019 you had 9 single and 28 family. For 2020 we had 10 single and 28 family. This does not include dependents. For 2021 we are looking at 10 single and 28 family. You have more insured employees on your plan and part of that increase is more employees. **Williams:** My husband has a health care plan, and my employer offers me one as well. Because I choose not to take my plan but take his, his job charges a fee every paycheck for me to use his plan. What is that called and what is the average cost from businesses? **Zeleznik:** It is called a spousal provision. If your spouse is eligible for other health care coverage and they choose not to take it, that company is going to charge the employee because it creates risk for the company. We do see some groups do that. In your example they are charging a spousal surcharge. Some offer spousal waiver provisions and will not cover your spouse. In this case, the Village does not have those provisions. **Hardin:** Is that what the state did with PERS? **Zeleznik:** I am not familiar with that but if they did put a spousal provision in place, that is what it would look like. **Warren:** I have a similar situation as Councilperson Williams. My wife and I have our own jobs and we found we were better off with our own specific plan due to the cost of one joining the other. That was Medical Mutual. **Zeleznik:** Any provision is set by the group, not the health care company. **Warren:** It reflects on the pre-existing condition of the party also. **Zeleznik:** That spousal waiver provision can be added but I am not familiar with your union contracts. Those would reduce costs to the Village. **Warren:** If we implement new incoming employees having an alternative plan but maintain the existing plan for present employees, could you come up with a cost estimate of that plan? **Love:** That is a great question. Adam and his team can provide that cost estimate on a single and family basis. **Zeleznik:** We would look at the claims in the previous year and do a mock-up with a different structure. **Hardin:** Are you an actuary? **Zeleznik:** No, but I would work with our actuary to do that. We would have to run through the claims and find the number of office visits and include the co-pays, would be less than what the Village would have paid for each visit. **Warren:** The greater impact would be the out-of-pocket, deductibles and co-insurance. The other items are negligible. **Zeleznik:** Correct. Your biggest numbers are your deductibles, co-insurance, and out-of-pocket maximum. **Williams** asked about lower rates and other plans. I am disappointed that wasn't communicated to you. **Thompson:** They researched seven other communities which is part of your exhibit. They looked at it for new employees. **Williams:** Have you looked at any other type of transition for current employees for an average plan? **Thompson:** No, but we looked at it for new employees. The FOP contract dictates that, and we choose to extend it to the rest of the employees. **Williams:** Not doing that could alleviate costs to the Village. **Zeleznik:** Along with out-of-pocket maximum of \$1000 before the Village begins to pay. **Hardin:** I hear two things. In all fairness, we are not trying to disrupt people's lives. **Zeleznik:** The fixed costs won't change. The change is in who is paying the claims. We can also offer to those over the age of 65 to either stay with the Village plan or use Medicare parts A, B and D with a gap supplement which the Village would cover. You can give them an option. That significantly reduces costs to the Village. This is totally voluntary. **Williams** asked about a comparison with like-communities as ours. **Hardin** asked if this is done with other employers. **Love:** It is. I choose to do that myself. Love

Insurance pays my premiums, and it is cost effective for the company. **Thompson:** Holistically we only have 10 single and 28 family plans. **Garratt:** The Police have 16 full-timers. **Sanders** asked when the contract is up for renewal. **Thompson:** January 2021. **Warren:** We only have four employees over 65. Is it through United Healthcare for supplemental? **Love:** Yes. The premium is \$240-\$250 a month for Medicare A, B and RX. The plan is rich and out-of-pocket is not harmed. That is an additional cost. Each member would review the plan. It is completely personalized. This significantly lowers your premiums. **Sanders:** Were there changes in the plan over the last couple years? **Thompson:** No. **Rogers:** Are we still considering a new plan for new employees? **Thompson:** Yes. We would bring that to Council. **Rogers** suggested spouses stay on their own plans. **Love:** We can propose wording to that effect with a spousal waiver provision. **Thompson:** I'd like to see that. **Williams** asked to take this to an executive session. **Warren:** There are certain stipulations for executive sessions. This is not an executive session item. **Williams** asked to continue the discussion in regular or work session. **Warren:** I recommend looking at new employee options. **Love** will come back with new employee benefit review with a spousal revision waiver and cost savings as well as what Medicare reimbursement would look like. **Williams** asked about seven benefit comparisons. **Love:** I will get that out to you.

Meeting adjourned 7:02p

Motion to adjourn made by Gaither seconded by Rogers
SIX YES: Hardin, Sanders, Rogers, Williams
Adjourned 6:58pm

Adopted _____

Debra L. Hladky, Clerk of Council

Johnnie Warren, Council President