

VILLAGE OF OAKWOOD
COUNCIL FINANCE MEETING MINUTES
March 23, 2021

ATTENDED

Johnnie A Warren – Council President

Brian Thompson-Finance

Elaine Gaither – Council-at-Large

Chris Callender-Ward 1

Eloise Hardin-Ward 2

Patricia Rogers – Ward 4

Candace Williams – Ward 5

ABSENT

Melanie Sanders – Ward 3

Mayor Gary Gottschalk

Meeting opened at 6:05 by Warren.

Pledge of Allegiance recited, and attendance taken.

Thompson explained he has the health insurance reports from Jim Love and Adam Zelenik. Jim Love came back with a savings in Medical claims of \$92,000 to the Village on an average plan. In addition, Zelenik reported as well. **Love:** We analyzed and reprocessed claims because Council requested what it would cost the Village if we had an average plan with \$350/employee or \$700/ family premiums. Maximum out of pocket deductible would have been \$1,000/employee or \$2,000/family. Employees would have shared 20% of the claims. Prescription drugs would have been \$10/\$20 and \$62.50 for specialized drugs. Emergency visits would have cost \$110 to employees and urgicare \$35.00 with 25% copay. We determined the total savings to the Village would have been \$49,577 for 2020 in medical claims, deductible copays savings of \$19,157 and copays at \$22,600. That equates to \$92,197.00. **Hardin:** That is based on 37 employees. What constitutes an average plan? **Love:** The exhibit groups handout equates to municipalities. We changed the names to a letter for privacy reasons. The average is on the far right of that report. We compared Oakwood to communities surrounding the Village. The average of the seven groups equated to \$350 for individual and \$700 family average premium. We reprocessed every claim the Village had in 2020. The savings to the Village for medical and prescription drugs was \$92,000 for the year. That was broken down further to generic drugs would have equated to \$22,652. **Hardin:** Are you dealing with in-network? **Love:** Yes. RX copay would have been \$10 for generic, \$20 formulary and \$62.50 non-formulary. The employees would have absorbed those additional costs. **Warren:** The new plan would be \$22,652 for prescription drugs? **Love:** This was based on last year. We do not know what it would be going forward because we do not know the history of this year yet. **Hardin** asked the name of the company for the drug coverage. **Love:** Magellan RX. **Hardin:** Have we ever priced that out? **Love:** Magellan came to us with significant cost savings on the drugs. They gave us additional savings discounts. Medical Mutual Health and Magellan are priced competitively. This is the best pricing for the Village. They are consistently looking to save the Village money. They are easy to use as well. **Hardin:** Do you do a cost analysis to this degree each year? **Love:** We do a market review of other carriers. We get reports back. Adam and I both go out to market. We heard back from 12 providers and made the best selection for the Village based on cost. Your employees use the network well which gives savings to Medical Mutual. **Hardin:** At what point does the stop loss come into play? **Zelenik:** We evaluate every claim for stop loss. **Hardin:** If we change and go to a more cost-efficient analysis you have come up with, we will still deal with stop loss or would we not maintain that? **Love:** We wouldn't recommend dropping the stop loss. A premature baby birth could cost \$600,000 or someone with a long-term heart condition. In the past three years, the reinsurer paid out more claims than the premiums they collected. That was not good. **Warren** asked if Group E on the report a Village. **Zelenik:** It is a city. **Warren:** Everything is relative to claims. We don't have too many 20-year-olds. **Williams:** We discussed the waiver if you had a spouse who could opt into another insurance source, did you look into that as it relates to the Village savings. **Love:** We don't know that, but we would have to make that plan design change. **Williams:** Who does that verification? **Zelenik:** From my experience, the employee has a form in which they verify if the spouse or child(ren) have another health insurance. **Love:** Mutual Health would continually send that form to the dependents. We can't force someone to return the form. **Warren:** Do we have an RFP when you search for

bidders for our plans giving the outline of existing coverage for pricing? **Love:** We make phone calls to the different carriers. We put together a package with your total enrollment, ages, dependents, total history, a list of current benefits and claims. It takes about 60 days. The carriers dig deep with the 10 largest claims. Most carriers do not do self-funded programs. We get prices for self-funded and stop loss then decide on the plan based on cost to the Village. Medical Mutual is the carrier of choice. **Zelenik:** As a third-party administrator it is to always good to shop for the stop loss coverage. We include the plan design. **Hardin:** Are there any other villages with stop loss? **Zelenik:** Groups A-G all have stop loss on the report. **Hardin:** Has the stop-loss gone down? **Zelenik:** No. Carriers will buy a company which is going bankrupt and absorb the liabilities. I never saw that happen in 43 years. The insurance industry protects each other. We look for A rated carriers which are financially sound. **Thompson:** I submitted the salary exhibit and why administration supports the plan we have. There are a lot of bullet points to review comparable salaries of different communities and the average of those. We came up to \$514,000 if the Mayor would make steps to bring the salaries more equitable to other communities. **Warren:** I saw it. **Hardin:** This analysis was awesome. **Love-Zelnik;** Thank you.

Financial Review for 2021 Budget

Thompson: I submitted an appropriation reduction to Council. I had \$40,000 Village Hall planning but I took that out at this time as well as the Building Dept. furniture. I have an amended budget for passage for \$9,247,520. Initially it was \$9,479,020. We reduced it by \$231,500. We can always amend this budget for submittal to the County. **Hardin:** Are there other reductions not listed in the report? **Thompson:** Not currently. **Williams:** One of the documents showed YTD at \$1,400,000. Are we going to be short? **Thompson:** That showed through February 28, 2021. We pay quite a few bills at the beginning of the year; it will level out. Some are claims but we will have stop loss come into play. The 9,200,000 is a solid number. **Williams:** The \$9,400,000 is not accurate? **Thompson:** Correct, we lowered it. **Williams:** I don't expect this expenditure to continue through the end of the year. **Thompson:** It will level out by March. **Warren:** By then we can see our revenue stream. **Thompson:** It is normally 16% but it came in this month at 1% higher. We are starting to see revenues coming in good the first few months. **Warren** asked if he looks at payroll tax and which companies has increased or decreased? **Thompson:** I look at that monthly. It looks like we are in a rebound. **Williams:** Is the 1% more than last year's first quarter or this year? **Thompson:** It is 1% high than projected in the first two months of this year. **Rogers** asked if he could share that information with us. **Thompson:** It is restrictive on RITA information, but I can share the revenue and what industry, but not their name. **Warren** asked if there we any other questions? None were voiced.

Motion to adjourn made by Gaither seconded by Rogers.

6 YES: Warren, Gaither, Callender, Hardin, Rogers, Williams

Adjourned 7:00 pm

Adopted _____

Debra L. Hladky, Clerk of Council

Johnnie Warren, Council President