

UPPER ARLINGTON PUBLIC LIBRARY

SPECIAL BOARD MEETING
Wednesday, January 30, 2008 8:00 a.m.

Minutes

Burtch called the meeting to order at 8:04 a.m.

IN ATTENDANCE

BOARD MEMBERS: John Burtch, Brian Perera, Amy Sharpe, Bryce Kurfees, John Magill, and Charles Motil.

OTHERS: Ann Moore, Director; Kate Porter, Assistant Director; Terri McKeown, Clerk-Treasurer; Sherman Wallace, Facilities Manager; Sue Connor, Hilb, Rogal & Hobbs (HRH); Ruth Elzey, HRH; Nancy Roth, Administrative Secretary.

HEALTH CARE INSURANCE FOR 2008

McKeown introduced Connor and Elzey. McKeown provided the Board with spreadsheets detailing three options to be considered for the health care insurance for employees for 2008. These are attached to the minutes as a permanent exhibit.

McKeown gave the Board a history of health insurance at UAPL. She noted that prior to 2001, the library participated in a consortium that provided health insurance. Westerville, Worthington, Southwest and Upper Arlington Public Libraries were the participants that had over fifty insured lives. She said that from 1996 to 2001 health insurance rates rose 110%.

McKeown said that in 2001, due a change in legislation, the library was no longer able to obtain insurance as a part of a consortium, but had to be rated as an individual entity. At that time, the library entered into a 4-tier plan with United Health Care. The library paid 90% of single coverage and 80% of family coverage. Plans were reviewed annually and changes occurred each year. Over the next four years, health insurance costs rose an average 13.65% a year and the library looked for ways to control costs.

McKeown said that in 2005, the library introduced a dual option plan to employees. There was a core plan and a buy-up option. In 2006, United Health Care increased the renewal premiums by 47%, so the library switched to a policy from Aetna. Aetna's rates represented a 28% decrease, but did require that the library purchase employee life insurance from them. McKeown noted that there

were many administrative issues with Aetna during the year, including complaints from employees at Aetna's handling of claims.

In 2007, Anthem offered a slightly better plan for only a 1% increase to the core plan. This enabled the library to switch the life insurance back to a carrier through MEC at a better rate. She noted that the employees have reported a good experience with Anthem and as a result, people added coverage.

McKeown said the insurance coverage was put out to market in December. She noted that our group is not a desirable group from the underwriter's point of view. The initial renewal from Anthem was an increase of 35%. She said that all the employees currently in the plan had to fill out an online medical questionnaire so that other companies could prepare a rate quote. She said that Medical Mutual, United Health Care and Aetna prepared to submit proposals and alternate plan options were requested from Anthem.

McKeown noted that with the assistance of HRH the renewal rate with Anthem was negotiated down to a 20% increase and that they looked at different plan designs were developed. She said that only one insurance carrier provided an alternative quote and it was significantly higher than Anthem.. McKeown said staying with Anthem is simple administratively and should be a more seamless transition than changing companies.

McKeown reviewed the information sheets with the Board members. One option was for the same coverage at a 20% increase. The second option was for similar coverage and deductibles, but significantly higher prescription prices. The third option was similar coverage with higher deductibles and with slightly higher prescription prices than the current plan at a 12.6% increase.

McKeown said that the estimated annual premium is based on the current levels of participation. Actual enrollment could affect the annual premium costs. She said that fifty-nine employees are eligible to participate in the insurance program. Presently, thirty-nine employees are enrolled plus one COBRA enrollee. McKeown said that she would recommend Option C for approval by the Board.

Connor said that medical care costs are currently exceeding the normal rates of inflation. She said a part of the reason is that participants have lost their understanding of what medical procedures, tests, prescriptions, etc., really cost. Connor noted that the library's current medical benefits are on the "rich" side. She said that the recommended plan represents a more normal offering to employees.

Kurfees asked about the increased deductible for the family coverage, noting that might be difficult for a family to sustain. Connor clarified that the deductible was \$1,000 per person. She said that if a family has one member with serious

medical issues during the year, they would only have to meet the \$1,000 deductible for that individual before co-insurance would kick in.

Magill asked about strategies that the library could use to keep insurance costs down as the population of the country continues to age.

Connor said that HRH is investigating the possibility of the creation of "alliances." She said that some entities are looking into this in order to get some modest discounting. She said that these would operate differently from the consortiums of the past. She noted that there has been not definite action toward this type of group at the present time.

Connor noted that another concern is to begin to get members engaged in thinking about and understanding the actual costs of health care and maintenance issues. She said that many carriers are now focusing on keeping people from developing chronic health issues such as diabetes and high blood pressure.

Magill asked about health savings accounts, noting that the library had talked about them in the past. McKeown said that health savings accounts are not in use currently at the library. She said that the programs do not offer a huge rate reduction. She noted that employees are required to bear the out of pocket expense first and then are reimbursed via the HSA.

Connor said that HRH has done a lot of work with HSA's. She said that they typically have a high deductible - \$2,000 per individual and \$4,000 per family. She noted that they have not provided the savings anticipated. She said that once people meet their deductible, they stop caring about the cost of care since it is then covered at 100%. She said that many do elective procedures after the deductible is met so that the plans often cost Insurance companies more than a traditional policy.

Magill said the recommended option C seemed to be a good choice. He requested a follow-up visit and assessment with HRH in six months to further assess the possibility of an HSA option for the library. He noted that this would also help the library in budget planning for 2009. Kurfees said that if the library was going to consider HSA options, there would be a need to begin to educate the staff sooner than in six months. Connor said it is a very complicated system and staff education is quite important.

Moore noted that generally the institution "seeds" the account for the employee. If the employee leaves, the money in the account goes with them. Connor confirmed that if a new employee gets an account and leaves the next week, the money belongs to the employee. In addition, the library would have to "seed" an account for that employee's replacement. She noted that there are many factors to be taken into consideration.

Magill made a motion to adopt Option C as it appears in the Exhibit as the medical insurance program for the library for 2008. Kurfees seconded the motion. VOTING AYE: Burtch, Kurfees, Magill, Motil, Perera and Sharpe. VOTING NAY: None.

McKeown said that she would like to thank Sue Connor and the staff at HRH for their assistance in preparing the materials and helping to negotiate a better rate from Anthem. She noted that HRH has always been a valuable partner.

EXECUTIVE SESSION

Magill made a motion to go into Executive Session to discuss specific job performance. Kurfees seconded the motion, A roll call vote was taken. VOTING AYE: Burtch, Kurfees, Magill, Motil, Perera and Sharpe. VOTING NAY: None.

The Board went into Executive Session at 8:43 a.m.

ADJOURNMENT

The Board came out of Executive Session at 8:50 a.m. Magill made a motion to adjourn the meeting. Kurfees seconded the motion. VOTING AYE: Burtch, Kurfees, Magill, Motil, Perera and Sharpe. VOTING NAY: None.

The meeting adjourned at 8:51 a.m.

John Burtch, President

Amy P. Sharpe, Secretary