

**FINANCE COMMITTEE MEETING
FRIDAY, APRIL 22, 1994, 8:30 AM
ROOM 564, COUNTY COURTHOUSE**

Present: Marshall Faircloth
John Keefe
Billy King

Others: Cliff Strassenburg, County Manager
Danny Higgins, Deputy County Attorney
John Nalepa, Finance Director
Carlisle McCutchon, Asst. Finance Director
Rhonda R. Davis, Deputy Clerk

The meeting was duly called to order.

AGENDA ITEMS:

1. Consideration of increasing the rte for reimbursement of meals

John Nalepa reviewed the handout concerning meals rates (Exhibit "A"). A rate of \$28.00 per day is an acceptable rate for the Internal Revenue Service. He is recommending that \$28.00 per day be the approved rate for unsubstantiated reimbursement of in-state and out-of-state meals except in the other counties as noted in Rate #2 and Rate #3. He noted that a person usually brings in receipts for their meals if they go on a trip out of the state.

Commissioner Faircloth asked if Rate #3 could be used as the normal rate for out of state travel.

Mr. Nalepa advised if someone was reimbursed under Rate #3 for meals in a low rate state, the additional money would have to be reported as income to the IRS.

MOTION: Commissioner Faircloth offered a motion to approve the rates as recommended and that they become effective July 1, 1994.

SECOND: Commissioner Keefe

VOTE: UNANIMOUS

2. Consideration of new rates for medical insurance premiums for plan year beginning July 1, 1994 and ending June 30, 1995.

Mr. Nalepa advised the committee that he has received the suggested renewal rates for continuation of our medical insurance programs for the plan year beginning July 1, 1994 and ending June 30, 1994. The predictions indicate a decrease of 7% in medical costs for the new enrollment period. He stated that the handout he has presented states that he recommends that the decrease be passed on to the employees by reducing their contribution by the ratio the new suggested premium is to the existing premium. He is now

recommending that the decrease be shared by the county and the employees. This would reduce the amount of premium to be paid by the county by \$15.00 per participant.

Commissioner Keefe asked how much would be saved with this reduction.

Mr. Nalepa advised approximately \$380,000 or more. That would be the savings if we did not change what the county pays as a premium.

Commissioner Keefe asked if the employees received the deduction, it would mean approximately \$12.00 in savings for the entire year for an individual on the plan.

Mr. Nalepa advised that figure was correct. He also noted the premium for retirees would not be impacted.

Commissioner Keefe stated if none of the premiums were reduced, the county could keep the money stored for that fund.

Mr. Strassenburg advised the additional funds paid in would result in an excess in the fund, which is something we do not need to do.

Commissioner Keefe stated that if the premiums are not changed, the money could be held in reserve in case the premiums go up next year.

Mr. Nalepa advised the county is currently \$924,000 ahead in contributions. This figure is as of March, 1994. March is the only month our costs have exceeded the revenues. The older participants, or retirees who are over age 65 are not a huge cost factor to the county as the medicaid becomes the primary insurer and the county becomes secondary.

Commissioner Faircloth noted the increase in premiums for the last fiscal year. He noted the employees carried more of the burden of the increase than the county did. He would like the employees to get more of the decrease than the county this year. This would only seem to be the fair thing to do.

Commissioner Keefe stated he feels the money savings should be used to hire a Risk Manager.

Mr. Higgins advised this money is dedicated to health insurance only and could not be pulled from that fund and used for another purpose. If the amount of premiums the county paid could be reduced, the savings could be used to pay for a Risk Manager.

Mr. Strassenburg noted this is the county's opportunity to pass these savings on to the employees. It is the least they may be able to do.

Mr. Nalepa noted the county's increase in the premiums for insurance went up 5% and the employees premiums went up 12%.

Commissioner Faircloth stated if they applied the deduction in the premium on the same ratio as the increase was applied last year, the county's premium would reduce by 2% and the employees' premiums would reduce by 4%.

Mr. Nalepa advised the individual insurance rate subsidizes the other rates. The amount of rates and what percentage is paid is changed each year.

Commissioner King noted that Commissioner Keefe's idea of not reducing the premiums and keeping the additional funds in reserve makes sense if you think long term.

Mr. Strassenburg noted the Health Care Reform is going to be the major impact on what is done by the county as far as health care is concerned.

Commissioner Keefe stated the county is covering families under the medical insurance plan where a member of that family who is not a county employee is making more money than the county employee. In situations such as this, the county should not be covering that person.

Commissioner Faircloth stated he felt that an employee contribution to the insurance plan is beneficial, in that you don't have people joining simply because it is free, they must pay something to be on the plan.

Mr. Nalepa pointed out that uninsured people cost everyone. If everyone is insured through the new governmental program, everyone's medical insurance costs will go down.

Commissioner Faircloth stated he feels they should proceed with the recommendation made by Mr. Nalepa. He asked Mr. Nalepa to present a new printout of the adjusted contributions with the decrease in the county's and the employees' premiums. He would feel comfortable with that option.

Commissioner Keefe stated he does not think any reduction in premiums should be made. We should keep the additional funds in reserve.

Commissioner Faircloth stated they must deal with insurance rates on a year-by-year basis. There is some wisdom in leaving the money in the plan. He stated he would like to see all the numbers.

Mr. Nalepa then advised the Sedwick-James company provides the county's stop-loss coverage. This is used when the county incurs \$50,000 in insurance costs for a covered individual. After the \$50,000 is paid by the county, another company comes in and pays

the remainder of the costs. The county pays for this coverage. Sedwick-James has advised they could save the county \$143,560 on stop-loss coverage. He is going to suggest the county go with Sedwick-James for the upcoming fiscal year. We are currently being covered on stop-loss by Blue Cross and Blue Shield, however, Sedwick-James is offering the lowest rate and we will move to them for the new fiscal year.

Mr. Nalepa advised he will be giving them a report on the proposal made by EBS for the new year, once all the information has been received.

Commissioner King asked Mr. Nalepa if he could provide three sets of numbers to the Commissioners at their meeting. He would like to see the numbers for no reduction in premiums, employee premium reduction only and county and employee premium reduction.

Mr. Nalepa stated he would provide the requested information as well as information on the stop-loss coverage. He noted that Sedwick-James is also the county's workers compensation carrier.

Meeting adjourned at 9:36 AM.