

DRAFT

Sun Lakes Fire District Insurance & Legal Committee Meeting Minutes

May 4, 2010

Call to Order:

A meeting of the Sun Lakes Fire District Insurance & Legal Committee was called to order by Fire Chief Wilson at 9:00 A.M. at the Fire Station 232 Training Room. Directors John Crawford and Forrest Kohler were present. Others in attendance included Fire Chief Wilson, Deputy Chief Guerra, Human Resources Specialist Barbara Smith, Finance Manager Andrea Elikan, Union President Eric Kenyon, Union Vice President Ron Puchta and Insurance Broker David Spellicy.

Introduction

Chief Wilson opened the meeting by explanation of the purpose of the Committee Meeting was to Review and Discuss the Medical, Dental, Vision, Long Term Disability, Life Insurance Proposals for Fiscal Year 2010/11.

Chief Wilson explained that Barbara Smith, Andrea Elikan and himself met with Mr. Spellicy on April 27th and reviewed the 34 different options from a variety of providers. Staff focused on presenting the plans which provided continuity of doctors, patient choice, consistent co-pays amounts, low deductibles and the least amount of out of pocket expenses. In addition, the District needed to calculate the cost of the District's portion of the premium, to be within budget, and prepare charts to depict what employees would pay, as their portion of the premiums.

Chief Wilson indicated the District had picked up ½ of the premium increase for employees and a portion of the increase for dependent coverage. Due to budget limitations the previous method of the District paying 100% of the employee costs and 50% of the dependent costs would not be possible for FY 2010/11.

He then introduced Mr. David Spellicy, of the Spellicy Group, to go through the details of the Insurance Proposal.

A presentation was made by Mr. Spellicy on the insurance costs to the District for 2010/11, which included a 23% increase in medical premiums, from Blue Cross Blue Shield (BCBS).

Andrea Elikan reviewed a chart (attached to minutes) to describe the former methodology of the District paying 100% of the Employee premium and 50% of the dependent premium. Additionally, on the back side of the chart was the District costs for the current and renewed premiums.

Andrea then reviewed three charts or "choices" for consideration by the Insurance Committee;

Choice "A" renews the current BCBS 90/10 at \$100. Individual deductible AND provides an option of a Health Savings Account (HSA) with 100% coverage at \$2,600. Individual deductible, with a District contribution of \$1548. annually into the HSA to provide a portion of the deductible. The employer

contribution to the HSA becomes the employee's money and roll over in an interest bearing investment account, each year, if the funds are not used for the deductible.

Choice "B" provides a BCBS 90/10 plan at \$500. Individual deductible AND provides the HSA Option referenced in Choice "A".

Choice "C" provides a BCBS 80/20 plan at \$500. Individual deductible AND provides the HSA Option referenced in Choice "A".

The goal is for the employees to select one of the Choices which would provide members with a traditional plan and a HAS option. Employees could select either plan, both provided by BCBS.

Director Kohler asked Mr. Spellicy how the District's premiums compared to other like sized organizations. Mr. Spellicy responded the District's rates were lower than most other organizations, due to the population (employees) of the District being primarily a healthy younger group size.

President Kenyon asked about the details of the HSA regarding how money was invested and what items might be excluded from eligibility for use of HSA dollars. Mr. Spellicy indicated the HSA funds would be administered by a third party, like the current Flexible Spending Account (FSA). He also indicated the funds are pre-taxed and become the individual's money and remain with the employee even after an employee separates employment with SLFD.

Barbara Smith indicated she was working with Ameri-Flex, the administrator of the current FSA to see if they could administer the HSA if the District decided to offer that plan. She described the debit card process of how employees could pay for medical expenses, with HSA dollars having to be used first and FSA dollars second if needed for the medical deductible.

Vice-President Puchta asked about how the Employer contribution to the HSA was calculated. Andrea explained it was the difference between the HSA premium and what the District had committed to provide for the single employee. The amount was \$1548. Annually whether single employee, employee + spouse, employee + child)ren or employee + spouse + family.

Vice-President Puchta asked if the District planned to "pre-load" the HSA account? Barbara and Andrea indicated that was the goal, so employees would have the full \$1,548. available on their Debit Card on July 1st.

Vice-President Puchta asked if an employee could contribute additional funds to the HSA, pre-tax. Mr. Spellicy indicated they could up to the allowable IRS limit, for HSA's.

Director Crawford asked about the in-network vs. out-of-network deductibles and the BCBS coverage of physicians. Mr. Spellicy indicated the in network was always recommended as BCBS had negotiated discounts and he responded the BCBS was one of the largest networks in the state and country.

There was discussion about the different plan "Choices" and what the employee premium costs would be for each plan.

Additionally, there was review of the Delta Dental Plan Alternative "A" which would provide better coverage for employees, with the District to pick-up the entire cost of the premium increase.

Mr. Spellicy reviewed the Vision, Long Term Disability and Life Insurance plans had no premium increases for FY 2010/11.

Chief Wilson indicated a recommendation by the Insurance & Legal Committee, to approve the Medical, Dental, Vision, Long Term Disability, Life Insurance Proposals for Fiscal Year 2010/11 was scheduled for the Board Agenda on May 25th. The Health Insurance costs need to be included in the 2010/11 Preliminary Budget, which is scheduled for approval at the same meeting.

The next steps are; each employee will have the opportunity to meet with Mr. Spellicy, Barbara Smith, Andrea Elikan and Union Reps. at meetings scheduled for May 10th, 12th & 13th. The outcome of those meetings will be a vote by represented and unrepresented employees to decide which "Choice" to recommend to the Insurance and Legal Committee, prior to the May 25th Board meeting.

Adjournment

There being no further business to come before the Insurance & Legal Committee, the meeting adjourned at 10:30 a.m.