

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **INSURANCE**

DATE: **SEPTEMBER 22, 2006**

COMMITTEE MEMBERS PRESENT:

SUPERVISORS MASON
 KENNY
 GABRIELS
 GERAGHTY

COMMITTEE MEMBERS ABSENT:

SUPERVISORS HASKELL
 BENTLEY

VACANT:

TOWN OF QUEENSBURY

OTHERS PRESENT:

AMY CLUTE, SELF-INSURANCE ADMINISTRATOR
JOHN WEBER, CAPITAL FINANCIAL GROUP, INC.
CHAIRMAN THOMAS
PAUL DUSEK, COUNTY ATTORNEY
JOAN SADY, CLERK
JOANN MCKINSTRY, CONFIDENTIAL SECRETARY TO
 THE COMMISSIONER OF ADMINISTRATIVE AND
 FISCAL SERVICES
SUPERVISOR CHAMPAGNE
DAVE STRAINER, TOWN OF QUEENSBURY
AMANDA ALLEN, LEGISLATIVE OFFICE SPECIALIST

Mr. Mason called the meeting of the Insurance Committee to order at 10:39 a.m.

Motion was made by Mr. Kenny, seconded by Mr. Geraghty and carried unanimously to approve the minutes of the August 31st meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Amy Clute, Self-Insurance Administrator, who advised that she had not prepared an agenda for the meeting as there were only two items to be discussed. The first, she advised, was the possibility of purchasing insurance coverage for the railroad crossings, and the second was health insurance.

Ms. Clute reminded the Committee that in the prior months meeting an insurance quote had been distributed by the representatives of TD Banknorth Insurance Agency for coverage on all 13 railroad crossing locations. She summarized that the quote included a policy limit of \$1,655,000 at an annual cost of \$9,100. Ms. Clute said that the issue was being presented to the Committee because she had received a call from TD Banknorth Insurance Agency asking if the coverage was desired.

Mr. Champagne entered the meeting at 10:41 a.m.

Paul Dusek, County Attorney, stated that because there was no coverage in place, Warren County would have to pay for repairs to the crossing equipment out of pocket if there was a hit and run accident or vandalism causing damages. He added that there was a significant risk of damage to the equipment because private vehicles regularly passed through the crossings and they were open to the public. Mr. Dusek stated that he had been advised by both Chairman Thomas and Mr. Mason, that there was a railroad fund in place, generated by agreements held with the train operator, which typically paid for

railroad expenses. He noted that it might be possible to pay for this insurance from the railroad fund.

Mr. Dusek advised that the Insurance Committee would make the recommendation to purchase coverage; however, he added, they must refer the issue to the Parks, Recreation and Railroad Committee to determine the availability and source of funding.

Mr. Mason said that he felt the coverage was necessary and the issue should be referred directly to the Parks, Recreation and Railroad Committee as Mr. Dusek suggested, and Mr. Kenny agreed.

Mr. Dusek clarified that the policy in question would provide for reimbursement of damages to the crossings but would not cover damages to passing vehicles or personal injury. He noted that although Warren County did not hold a liability policy to cover personal injury or damage to other vehicles, they were listed as additional insured on the Operator's policy, lending the necessary coverage.

Mr. Geraghty asked what the deductible of the policy would be and Ms. Clute replied that the deductible was \$10,000.

General discussion ensued.

Chairman Thomas suggested that the issue be referred to the Parks, Recreation and Railroad Committee for further research and determination of the source of funds and Mr. Mason agreed.

Motion was made by Mr. Gabriels, seconded by Mr. Geraghty and carried unanimously to refer the issue to the Parks, Recreation and Railroad Committee for further research and discussion.

Chairman Thomas left the meeting at 10:50 a.m.

Ms. Clute advised that John Weber of Capital Financial Group, Inc. was in attendance to address the topic of health insurance.

Mr. Weber stated that in order to form an experience rated group and benefit from decreased insurance costs, one company must be chosen and all of the members enrolled in that program. He reminded the Committee that a request for the decrease in the number required to develop an experience rated group had been submitted to the New York State Insurance Department by the Legislative Committee, but no ruling had been made on the request; he added that it could take up to six months before action was taken.

Mr. Dusek noted that in order to funnel all enrollees into one company, union negotiations would be required. He added that in order to approach the union with the request, more detailed information such as the company name, rates and benefits would be needed. Mr. Weber agreed and stated that he had intended to provide estimates of all information for that purpose. Once in place, Mr. Weber said, the Town of Queensbury and City of Glens Falls enrollees would be merged with the Warren County members to form an experience rated group. Mr. Dusek asked Mr. Weber when he anticipated this change to take place and Mr. Weber replied that he would hope to see the transformation in June of 2007.

Mr. Dusek suggested that before any union negotiations took place, the Negotiating Committee should meet and discuss the proposal and return to the Committee with their suggestions.

Mr. Champagne left the meeting at 10:52 a.m.

Mr. Mason stated that he had received a telephone call from the New York State Insurance Department with respect to the letter forwarded by the Legislative Committee requesting a decrease in the number of individuals required to form an experience rated group. Mr. Mason said that the representative had advised that there was nothing she could do to assist in lowering the required number and suggested that the request be made at the Legislative level. Mr. Weber replied that he knew there was nothing the New York State Insurance Department could do to appease the request; however, he said, that was the proper procedure. Mr. Weber noted that copies of the letter had also been sent to Senator Little and Assemblywoman Sayward, as well as Governor Pataki.

Mr. Gabriels asked if there was legislation in process to approve the request for a decrease and Mr. Weber replied he had not been notified that there was any.

Mr. Dusek asked if the attempt should be made to negotiate with the union to secure a sole carrier for all enrollees in 2006 and Mr. Weber advised that it should, even though the request would not be effective until 2007. He stated that his firm had used the CDPHP (Capital District Physicians Health Plan) group, which had the largest pool of enrollees, to attempt to gain experience rated quotations. Mr. Weber advised that they had been unable to secure accurate experience rated quotes because the group had not been in existence long enough to give an accurate picture of the claims experience. He said that in March of 2007 the group would have been in place for a full year, at which time the participating insurers would be willing to extend experience rated quotations which could be used for union negotiations.

Mr. Dusek advised that in light of Mr. Weber's statements, the Negotiating Committee would not need to meet in the near future to discuss the matter. He noted that the Committee would be meeting early in 2007 because the current union contract expired

at the end of 2007 and this matter could be discussed at that time.

Mr. Weber advised that the Medicare Part D Subsidy payments from the first quarter of 2006 had recently been received. He said that a payment in the amount of \$30,437 had been transferred to Warren County; however, he said he was unsure where the monies had been applied. Mr. Weber noted that the funds should be applied to the Health Insurance portion of the budget as the subsidies, which would be received each quarter, would total well over \$100,000 and would help offset health care costs.

Joan Sady, Clerk of the Board, indicated that she would contact the Treasurer's Office to track the funds. *(Note: Subsequent to the meeting, the Treasurer's Office confirmed that the funds were applied to the Health Insurance Expense Code.)*

Mr. Weber distributed several handouts to the Committee members (*copies of which are on file with the minutes*), that outlined the current costs of health insurance, as well as those estimated for 2007. He explained that union negotiations required Warren County to pay 100% of the individual rate of coverage for the lowest bidding carrier that met union requirements, and to use that standard for application against all other carriers. Mr. Weber advised that MVP Health Care had made some changes to their benefits resulting in a very minimal rate increase and making their rates the lowest bid for 2007. Referring to the Health Benefit Comparison packet distributed to the Committee, Mr. Weber pointed out that in 2006 the drug benefit offered by MVP Health Care included a \$5 co-payment for generic brand drugs, \$20 for brand name drugs and \$40 for non-formulary drugs. He added that in 2007 those co-payments would be raised to \$10, \$30 and \$50 respectively; the increase in drug co-payments had been a major factor in determining the cost of the coverage, Mr. Weber noted.

Mr. Weber asked Mr. Dusek for his opinion because he was concerned that the union might see this as a violation of their agreements with Warren County.

Mr. Dusek reviewed the handouts and noted that not all of the changes made to the MVP Health Care program were negative and certainly had resulted in keeping the costs reasonable. He noted that while drug co-payments had increased, the alcohol & substance abuse benefits had also increased. Mr. Dusek advised that the best course of action would be to meet with union representatives to review all of the changes because although the drug benefit costs would increase, other changes in the program would make the plan better. He noted that the agreement with the union required that the lowest bidding carrier must provide similar benefits to what were offered in the past; he said that the MVP Health Care benefits were very similar to those offered by GHI (Group Health Incorporated), who were currently the low bidding carrier. Mr. Dusek stated that a meeting with the union representatives prior to making the change would minimize the chance of a disagreement.

Mr. Mason noted that CDPHP was reflected as the lowest cost bidder in the handouts distributed by Mr. Weber and he asked why MVP Health Care was being marketed as

such when in fact the CDPHP rates were lower. Mr. Weber responded, advising that the CDPHP program could not be used as the low bidder because their plan included a \$25 co-pay and union negotiations required that the lowest bidding plan include a co-payment no higher than \$20. Mr. Weber added that last year the CDPHP program was included in the benefit offers to Warren County employees and several with family coverage had switched to that program due to the low cost. He said that the cost of family coverage under the GHI program was \$88.27 per month versus the CDPHP family coverage cost of \$10.37 per month. Mr. Weber noted that there were currently 558 enrollees under the CDPHP program.

Mr. Dusek asked how many enrollees there were under the MVP Health Care program, and Mr. Weber said that there were 64.

Mr. Dusek stated that he thought that it was a reasonable position on the part of Warren County to select MVP Health Care as the lowest carrier and use the cost of that program to offset all of the remaining carriers. Mr. Dusek said that he would approach the union representative to apprise them of the changes and would report back to the Committee with the results of that meeting. He added that although MVP Health Care would be the lowest bidding carrier, the CDPHP program would be available to any employees who chose to enroll.

General discussion ensued.

Mr. Weber stated that the union discussions would need to take place within the next three weeks because presentation of insurance options to Warren County employees was scheduled during the open enrollment meeting on October 20th. Mr. Dusek said that he would reach out to the union representatives as soon as possible and suggested that a special Insurance Committee meeting be held to discuss the results.

Dave Strainer, Town of Queensbury, entered and Chairman Thomas re-entered the meeting at 11:22 a.m.

Mr. Weber advised the Committee that he had approached the carriers currently in place for an indication of what the experience rated coverage costs would be if the County were able to convert to a sole carrier program at that time. He said that MVP Health Care, CDPHP and GHI had declined to provide such rates; however, Mr. Weber advised, he thought that the Blue Shield of Northeastern NY program could be very competitive on a full takeover of all Warren County policies. Mr. Weber distributed a handout, a copy of which is on file with the minutes, reflecting the costs quoted and he noted that the figures reflected the costs if Warren County were able to make the change on January 1, 2007.

Mr. Mason asked if Washington County had become experience rated and Mr. Weber advised that they had converted all of their policies to Blue Shield of Northeastern NY over a year ago. He added that because they were now experience rated, they had

incurred only a 2% rate increase for 2007.

Mr. Weber stated that he would provide the exact costs of coverage and a schedule of the enrollment meetings to the Committee members as soon as they were available. In closing, Mr. Weber distributed documentation to the Committee members listing the services provided by his firm to Warren County, (*copies of which are on file with the minutes*), for both the health insurance lines of coverage and the Medicare Part D Subsidy.

As there was no further business to come before the Insurance Committee, on motion made by Mr. Kenny and seconded by Mr. Geraghty, Mr. Mason adjourned the meeting at 11:27 a.m.

Respectfully Submitted,
Amanda Allen, Legislative Office Specialist