**MARCH 12, 2013 SESSION
OF THE
WALWORTH COUNTY BOARD OF SUPERVISORS
COMMITTEE OF THE WHOLE**

The Walworth County Board Committee of the Whole meeting was called to order by Chair Russell at 4:34 p.m. at the Government Center, 100 W. Walworth Street, Elkhorn, Wisconsin.

Roll Call

Roll Call was conducted and the following Supervisors were present: Richard Brandl, Vice-Chair Jerry A. Grant, Daniel G. Kilkenny, Kenneth H. Monroe, Carl Redenius, Joe Schaefer, Tim Schiefelbein, Rick Stacey, David A. Weber, and Chair Nancy Russell. Tim Brellenthin was absent.

- **The purpose of the meeting is:**
  - Presentation on the County's Current Health Plan and a Comparison to the State Health Plan and Fully-Insured Health Plans

Administrator Bretl stated this presentation stems from the discussion about the wellness initiative or onsite clinic. He said it is part of the Board's due diligence to ask questions about what fully insured and state health plans would look like. He also said it is anticipated there will be an insurance item on the Human Resources Committee agenda next week to determine the best way to move forward.

Matt Boray, Senior Account Executive and Partner of M3 Insurance, delivered a presentation. He stated Walworth County has a self-funded health plan. This means the group has more control over the costs and has successes when the plan runs well. He said it is always good to check and verify the marketplace. He discussed the differences between Health Maintenance Organizations (HMO) and Preferred Provider Organizations (PPO). Under an HMO, you must utilize in-network providers to receive coverage. Under a PPO, there are both in-network and out-of-network benefits; however, to receive the highest level of benefits, members must utilize in-network providers.

Boray distributed Walworth County Health Plan Analysis and Evaluation handouts to those present. He outlined the comparisons between the county's current health plan and the state plans. With the state health plans, there are multiple options available with seven options specific to Walworth County. Of the seven options, six of the plans are HMOs. The PPO options include WEA Trust PPO East and the Standard Plan. The Standard Plan is comparable to the county's current health plan. He gave a comparison of the state plan rates to the county's current health plan rates. State plan rates are subject to underwriting and rates can increase up to 30%.

Boray said in 2012, 45% of the county's claims went through Aurora facilities and 24-25% went through Mercy facilities. With this information, they looked at plans that have access to Aurora and Mercy. Boray gave an overview of each of the plans that were reviewed for this study. He said that under the self-funded health plan, claims that are incurred throughout the course of the year are still the liability of the county even if it moves to a fully-insured plan. A fully-insured plan will start covering claims incurred January 1, 2014 or after. The county has liability for run-out claims, which are claims incurred but not yet reported. This liability needs to be worked into the analysis. They have determined this liability to be approximately $1.7 million to $1.8 million, or $186 per month per employee to cover these costs. Boray stated that all self-funded employers have to deal with this when they leave their self-funded plans.

Dale Wilson, Payroll/Benefits Manager, stated the health fund balance has increased because we have been hitting our targets and have saved money. He also stated this fund balance can be used to offset premium increases. Supervisor Schiefelbein asked how much the county paid M3 to administer this plan and if it is included in the administrative fees. Wilson stated that M3 is utilized as the county's consultant, and Auxiant is the administrator of the plan. He said the administrative fees are paid to Auxiant and these fees are included in the health plan rates. He also said that M3 is paid $55,000 per year and this is also included in the health plan rates. Wilson said that benefits staff wages and benefits do not come out of the health fund; their salaries are part of the tax levy. Supervisor Schiefelbein asked if benefits staff can be utilized elsewhere if move to a fully-insured plan. Nicki Andersen, Deputy County Administrator-Finance, said that if the county moves to a fully-insured plan, they will still need benefits specialists to work with employees and there will still be administrative work to be done with a fully-insured plan. Vice-Chair Grant questioned if the county would need benefits specialists on staff if move to a fully-insured plan. Andersen stated that health insurance is not the only thing that benefits specialists work on as they also work with deferred compensation, life insurance and all benefits packages. Sarah Anderson, Benefits Specialists, stated they spend approximately 15-20% of their time on health insurance. She said they also work with the dental insurance, life insurance, long term disability, and entering employee salary and position changes. Supervisor Schiefelbein stated he hoped that the county would continue to have a benefit specialist on staff if the county moves to a fully-insured plan. He said the benefits staff do a wonderful job.

Supervisor Kilkenny asked if the county moves to the state plan, if the county is under one plan or if the employee can choose which state plan they wish to be covered under. Boray stated the county enters the state plan as an employer where all of the plans will be available. He said all plans would be available to members, therefore, each individual employee has the freedom of choice as to which plan fits their needs best. Supervisor Schiefelbein asked what the difference was between the county's Tier 1 and Tier 2 health plans and how many employees are enrolled in Tier 2. Wilson stated that the majority of county employees are on the Tier 1 health plan. He said there are approximately 100-140 employees enrolled on the Tier 2 health plan. He also said the rates for the Tier 2 health plan are $743 for single and $1793 for family. He stated the Tier 2 health plan has higher deductibles and copays. He said there are some nuances between the plans that are a little different, but once all of the Health Care Reform Act is enacted, Tier 1 and Tier 2 will be the same except for copays and deductibles.

Wilson asked Boray to discuss what the county's options would be if they elect to go to the state plan, specifically what the payments would be for the employer and employee. Boray stated the employer determines the amount they will contribute towards the premium by one of two methods. He said the first method is the employer pays 50-88% of the premium rate of the average Tier 1 qualified plan in the employer's service area. He said the second method is based on a three tier approach. He stated that under the state plan, they take all of the plans that are available and they place them in one of three tiers based on efficiency and quality. Wilson said that if the county uses the state plan, the county would no longer be able to offer the incentive to buy down employee premium contribution by participating in the wellness screenings.

Boray stated that with this study they also wanted to examine the fully-insured private sector marketplace. He said they approached companies independently and two of the companies declined to quote. He said that United Health Care would only be willing to quote through the Wisconsin Counties Association (WCA) and not on an individual basis. He stated they did receive a proposal from WEA Trust. He gave a brief overview of the proposal from WEA Trust in comparison to the county's current Tier 1 health plan. This comparison showed that WEA has a higher deductible similar to the county's Tier 2 health plan. It was shown that WEA's plan design is not as competitive as the county's current plan or the state plans. Boray also stated that WEA's rates were considerably higher.

Boray gave an overview of the advantages and disadvantages of self-funding. Some advantages include plan design and financial flexibility, wellness initiatives, cash flow opportunities, budget and timing of revenue calculation, and levy flexibility. Some disadvantages include budgeting for claims, a required reserve fund, employer involvement, and hard stop-loss market. Boray also gave an overview of the advantages and disadvantages of fully insured-state plan. Some advantages include that the risk is fixed for 12 months which creates stability in budgeting, the insurer bears the risk, and potential for initial short term savings. Some disadvantages include limited plan designs, limited provider access, insurance company retains profit from positive claims experience, and limited employee engagement and consumerism. Another disadvantage is if a group drops out of the state plan, they cannot re-join for three years.

Boray stated that based on the findings of the study and analysis, their recommendation would be to continue as self-funded. Overall costs appear to be more competitive with the current self-funded plan over the state plan rates. Also, provider network options allow for more access and flexibility under the county's current PPO plan. The county retains any savings from positive claims experience with a self-funded health plan and the county retains control of all aspects of the medical plan. Boray also stated it would be their recommendation to do a similar review every three to four years to ensure that the plan is still performing favorably compared to fully-insured plan options.

Supervisor Brandl thanked Mr. Boray for the information and asked him if he has consulted with any groups that have looked at Health Savings Accounts (HSA) plans. Boray stated that many of his clients have an HSA plan, but it is usually as an option. He said HSA plans have changed employee participation and consumerism since the employee is paying 100% of the costs until their deductible is satisfied. He stated that he is personally covered under an HSA plan. He also stated when they work with customers on HSA plans, they recommend 12 months of education and communication to the members. He said under HSA plans, there are no copays and no prescription coverage. Bretl stated that some of the plan descriptions include dental coverage. Boray stated that many of the plans do offer dental as an option, but it is not included in the rates shown.

Chair Russell said they have heard evidence that surrounding counties have insurance costs that are much lower than Walworth County, but we've been shown quotes that are higher. Boray said that many things need to be evaluated, such as plan design and demographics. He also said they do work with a number of counties, therefore, they would have access to information such as rate structure. Chair Russell said that if anyone has any questions after the meeting they can forward them to the Finance Department. Vice-Chair Grant stated he would be interested to know why Kenosha County rates are lower than Walworth County. Wilson stated they can gather some of the surrounding counties plan specifics, such as plan design, copays, and deductibles, for the Board to use as a benchmark. Chair Russell said that information would be helpful.

Adjournment

On motion by Supervisor Kilkenny, seconded by Vice-Chair Grant, the meeting was adjourned at 6:00 p.m.

STATE OF WISCONSIN)
) SS
COUNTY OF WALWORTH)

I, Kimberly S. Bushey, County Clerk in and for the County aforesaid, do hereby certify that the foregoing is a true and correct copy of the proceedings of the County Board of Supervisors for the March 12, 2013 Committee of the Whole Meeting.