

WAYS AND MEANS COMMITTEE MEETING

FEBRUARY 12, 2014

8:30 A.M.

MINUTES

MEMBERS PRESENT: Commissioners Roger Eakin-Chair, Terrance Augustine, Daryl Baker, Joe Brehler, Glenn Freeman, Jim Osieczonek and Jeremy Whittum.

ALSO PRESENT: Commissioners Blake Mulder, Mike Hosey, Howard Spence, Jane Whitacre, Wayne Ridge, Roger Harris; Curt Powell – Actuary Gabriel Roeder, Smith, Dan Skiver – Brown and Brown Insurance, John Fuentes and Connie Sobie.

The February 12, 2014, special meeting of the Ways and Means Committee was called to order at 7:04 p.m. by Chairperson Eakin.

Mr. Fuentes provided a synopsis of how the Retiree Health Insurance Benefit changes have come to the point of a recommended policy change. Approximately eighteen months ago, the Ways and Means Committee began discussions regarding addressing the unfunded actuarial accrued liability of the Retiree Health Insurance Benefit. At that time, the Controller's Office discussed approaches to reducing the unfunded liability with the Ways and Means Committee. Options were presented and not pursued based on the direction provided by the Ways and Means Committee. Those options included both current and future retiree contributions, limiting the benefit to Medicare eligibility for current and future retirees, and eliminating spousal coverage for future retirees and/or current retirees. The resulting policy recommendation is based on past discussions with the Committee.

Curt Powell, Gabriel, Roeder, Smith Actuary, was present to provide an explanation of an actuarial report and process related to Other Post Employment Benefits (OPEB) for the County's Retiree Health Insurance Program. Mr. Powell prepared Eaton County's Retiree Health Actuarial Valuation Report and provided a presentation to summarize the valuation process and reports (attached).

Commissioner Ridge asked about retiree contributions toward the health care benefit and how long it would take to prepare a valuation to reflect employee and retiree contributions. Mr. Powell explained the valuation process normally takes twelve to sixteen weeks to complete once all data is received from the employer and the insurance company. A special valuation utilizing the same data and making a change, such as retiree contributions or alternatively a provision/stipend to provide for Medicare supplemental coverage, would require less time approximately four weeks, assuming all necessary data is available.

Commissioner Augustine inquired how Eaton County's OPEB Unfunded Accrued Actuarial Liability compares to other counties. Mr. Powell indicated many counties are no more funded than Eaton County and some plans have not started funding until recently. He would consider Eaton County's UAAL average.

Commissioner Baker discussed the concern of employees feeling that affecting only current employees and those after a certain date is not equal among active employees and current retirees and would like to see retirees participate in some way to offset the UAAL.

Commissioner Whittum questioned establishing a premium based policy for Medicare supplemental insurance to save money. Mr. Fuentes explained the County's self insurance status means the cost of coverage is based on the actual expenses incurred, which are those expenses not covered by Medicare. Retirees are required to apply for Medicare parts A and B upon eligibility, making Medicare the primary insurance. Commissioner Whittum inquired as to the cost of a Medicare Supplemental Plan similar to the current retiree coverage. Dan Skiver, Brown and Brown Insurance, explained there are numerous supplemental insurance policies available, however none that provide the same coverage level as the County insurance. There was further discussion.

Mr. Skiver discussed the increase to the insurance fixed costs by removing all Medicare eligible employees at one time from the current County coverage. If there is more than 10% change in contracts, the stop loss coverage would be re-rated. Some coverage costs have increased by 20% for active employee health insurance costs when implementing such a change. Such an increase also affects employee contributions under P.A. 152. The medical costs for the pre-Medicare eligible employees is the highest cost, so eliminating the Medicare eligible will change the actuarial rate development.

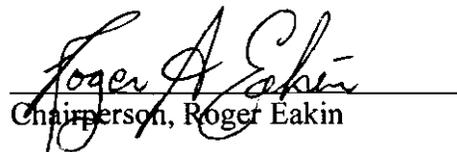
Mr. Skiver addressed the "Cadillac Tax" affecting employers under the Affordable Care Act. The tax, which takes effect in 2018, is applied to coverage that is over a dollar threshold as determined by the IRS. Any amount over the allowable plan cost is taxed at 40%. This amount, under P.A. 152, is required to be passed on to employees as well. Based on information available today the County could be subject to the "Cadillac Tax" beginning in 2019.

There was discussion regarding the recommended policy language.

Commissioner Baker moved to recommend the proposed policy to the Board of Commissioners as presented. Commissioner Oscieczonek seconded. Commissioners Augustine – no, Oscieczonek – yes, Freeman – no, Brehler – no, Baker – yes, Whittum – no, Eakin – yes. Motion fails.

Commissioner Eakin adjourned the meeting at 8:40 p.m.

The next regularly scheduled meeting of the Ways and Means Committee will be held on Friday, February 14, 2014 at 8:30 a.m. in Board of Commissioners Room at the Courthouse.


Chairperson, Roger Eakin