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**BARTHOLOMEW COUNTY COUNCIL
SPECIAL MEETING
December 20, 2012**

The Bartholomew County Council met for a Special Meeting on December 20, 2012 at 1:00 p.m. in the County Council Chambers of the Governmental Office Building, 440 Third Street, Columbus, Indiana. Members present were: President Bill Lentz, Pro-Tem Jorge Morales, Evelyn Strietelmeier Pence, Chris Ogle and Ryan Lauer. Larry Fisher and Rob Kittle were absent. As this was a joint informational meeting regarding health care changes, Commissioner Chairman Larry Kleinhenz and Commissioner Carl Lienhoop were in attendance. Also attending were Councilmember-elect Jim Reed and Commissioner-elect Rick Flohr as well as Auditor Barbara J. Hackman.

Council President Bill Lentz called the special meeting to order at 1:10 p.m. Greg Fox, of Johnson-Witkemper Insurance, and Cathy Dunn, of Dunn and Associates, were present to discuss the requirements of the recent and upcoming health care law changes. Auditor Hackman stated that at the Open Enrollment, she and Cathy Dunn had discussed the upcoming changes and effects it would have on the County. Auditor Hackman had also attended an Auditor's Meeting that had discussed some of these issues that need to be looked at prior to 2013.

Greg Fox began the informational part, stating that these changes had started back in 2010. Some things had been put on hold awaiting the outcome of the recent election. Now that the election is over, they are getting bombarded with new regulations and changes almost on a weekly basis. A perfect example of that is that all the states were

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supposed to tell Health & Human Services of what plan they were going to be on and that decision has now been placed on hold for a few months. Indiana, however, has already opted to go with the Federal plan.

Cathy Dunn explained the time-line handout. Mr. Fox discussed the coverage of dependents until age 26. These changes were implemented in 2010. In 2011 there were a few changes that affected things such as over the counter medication. In 2012, the big change was the Summary of Benefit Coverage's (SBC) which was defined by the government as to how it is to look and what it must contain. Cathy Dunn stated that by law, they must issue a glossary of medical terms that they use as established by the government. These forms will be going out to the County Employees tomorrow. They have sought legal advice regarding having the first issue drafted. They will have to be re-issued to ALL employees for **any** plan changes and all new hires must receive these forms. The goal of the form is to be able to compare different plans with all the same information in the same locations on the forms. The County plan is government compliant as it is now. Different employers have different time frames to meet. Mr. Fox stated that regarding birth control, the County plan is actually a year ahead of compliancy.

Councilman Morales noted that Bartholomew County is scheduled to become a member of NaCO which will provide all county residents with a prescription plan. Cathy Dunn stated that the best pricing would be to ask the druggist at the time and see which plan is the least expensive.

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Councilman Lauer stated the fact that currently the plan is limited to two-million dollars (\$2,000,000) for lifetime expenditures but in 2014 it goes to unlimited. He questioned if there had been any analysis on what cost that will mean financially to the County. Greg Fox said there are so rare occasions of anyone hitting the limit currently so he does not believe it will be a significant amount. Cathy Dunn stated that we have an “umbrella” plan after the initial plan (a re-insurance plan). Just the birth control portion of the plan is in place early, not the unlimited lifetime. There was discussion regarding “the morning after pill” and recent court cases. Currently the pill is available without a prescription and the law will require that only prescription medications be covered, so that is the loophole at this time. They believe this issue will end up at the Supreme Court at some point in the future. Cathy Dunn is suggesting to comply with the requirements at this time and do not go above the legal requirements.

Auditor Hackman asked Cathy Dunn if the information she (Auditor Hackman) is sending out tomorrow is to replace information or is additional information. Cathy Dunn stated it is in addition to existing information.

Cathy Dunn stated that, because the County sends out more than two-hundred and fifty (250) W-2's, they must comply with the placing the value of health insurance in box 12 for the 2012 W-2's being sent out in January of 2013. They have provided a worksheet to Auditor Hackman, however they are missing one major piece of information at this time. The County does not have to report the value of dental or flexible benefit accounts. The County does, however, have to include the value of

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Colonial policies for hospitalization or critical illnesses even though the employee pays for those policies themselves. Cathy Dunn believes Colonial will be issuing those values on January 7, 2013 at which time it will need to be added to the Dunn and Associates amount. They used the Cobra rates without the two percent (2%) administrative fee. Cobra is five-hundred ninety-nine dollars (\$599) a month for a single person and one-thousand one-hundred eighty-five dollars (\$1,185) a month for family plans. There were questions regarding the WOW Clinic and NaCO, but those plans do not cost. Auditor Hackman suggested that when the W-2's go out, something needs to be sent to the employees informing them of the new information on the W-2. Any calls regarding this need to be directed to the Auditor's Office.

Cathy Dunn discussed that in 2013, the IRS has limited the Flexible Benefit Account to two-thousand five-hundred dollars (\$2,500) a year and that was handled during the open enrollment. There is also a PCOR (Patient Centered Outcome Research) fee that will be one dollar (\$1) for 2013, two dollars (\$2) for 2014 and undetermined after that. It is based on an quarterly average per participant and the County average has been running about eight-hundred and fifty-three (853) members which includes employees and dependents. It is to be paid by the employer. The goal is to research medical treatments to determine the best method of treatment.

Ryan Lauer asked if we were compliant. The only thing that we are missing is the Colonial values that should be out on January 7.

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Greg Fox stated that in 2014 there is a plan sponsored re-insurance fee of sixty-three dollars (\$63) per person which equates to fifty-three-thousand seven-hundred thirty-nine dollars (\$53,739). This fee goes to insurance companies that offer insurance on the exchange and is to offset the cost of picking up pre-existing issues. This is to entice those companies to pick up these individuals. This fee was just announced two weeks after the election.

In 2014, there will be standardized central coverage. The County is in compliance with all of these at this time on essential health benefits. However, in 2014, the County will have to cover dependent children up to age 26, no matter what. This is regardless of whether they live in the same state, are married or have their own insurance. In 2014, all plans that are currently grandfathered in will no longer be grandfathered. They must comply with all the regulations.

Chris Ogle asked if there was any indication as to what this is going to cost the County. Cathy Dunn stated that they do not have that as there are new rules and regulations coming out weekly.

Jorge Morales asked if they were to not offer insurance, what would it cost the County. Currently it would be two-thousand dollars (\$2,000) per full time employee and goes to four-thousand dollars (\$4,000) the following year. The County currently has around 400 full-time employees.

Cathy Dunn stated that the current issue is going to be part time employees. In 2014, the regulations state that you offer full-time employees insurance, classifying full

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time as over thirty (30) hours. There are approximately forty-five (45) part-time employees. The determination is for anyone who would routinely be expected to work more than thirty (30) hours.

Auditor Hackman had contacted Kent Irwin regarding if there would be any issues with the personnel policies and limiting the number of hours. Currently it states that part-time employees are those not assigned to a full-time position, receive all legally mandated benefits and those that regularly work at least twenty-five (25) hours. It needs to be re-defined that part-time employees are twenty-five (25) hours or less. This has to be across the board for all departments or you will get into discrimination issues. A couple of Council members have met with a staffing agency about hiring part-time employees through them. It was stated that the County will be paying the costs plus the staffing costs. The Council will have to make the decision and stick with it. There can be no exceptions.

The part-time issue is using 2013 for the look back year to see what was done in that year and should be carried forward. What is done in 2013 will be what 2014 is based on. The Council and Commissioners set the Personnel Policy regarding the part-time employees and any definitions thereof.

Cathy Dunn stated that in 2014 they could risk some fines/taxes because it has to be offered to all full-time (30+ hours) employees. Also, the affordability test has to be met. The formula is the employees modified adjusted gross income and the premium they pay, using the employee's W-2. You take your lowest plan at the employee only

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cost. You cannot charge an employee more than 9.5% of their adjusted gross income. Using this calculation it comes to forty-four dollars (\$44) per month and the current cost for that plan is thirty dollars (\$30) per month, so the County is well below that.

Cathy Dunn walked through several examples showing plans that would pass. She went through the flow chart (*provided*) as to whether the County plan would pass the required tests.

Rick Flohr asked about the pay or play tests, would the county pay or play? Cathy Dunn stated that we would pass but we would have to set our part-time employees to 30 hours maximum.

Ryan Lauer asked if full-time employees could chose to go to the exchange without the County being penalized. Cathy Dunn stated yes they could, but there would be no financial benefit to the employee at that point.

Greg Fox stated that the current plan meets the essential benefits rule and it meets the affordability rule. It is the part-time issue that needs to be addressed. If all forty-five (45) part-time employees chose the single coverage healthcare, then it could be up to two-hundred seventy-thousand dollars (\$270,000) maximum in additional healthcare costs to the County and if they all chose family care it would be up to six-hundred forty-thousand dollars (\$640,000) maximum. The County needs to determine the part-time issue as soon as possible. If you set the maximum for part-time and a department head has to have that person, then it becomes a full-time issue as to whether or not that position needs to be approved.

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Cathy Dunn stated again that things are changing weekly and they will do all they can to keep the Commissioners and the Council updated with these changes. It appears to her at this point in time that the County meets the essential benefits plan and the affordability plan.

Jorge Morales agrees with Larry that we need to take action on the part-time issue. Ryan Lauer suggested setting it to twenty-eight hours (28) to help the department heads. Commissioner Chairman Kleinhenz understands his point, but feels the precedent has already been set with the accrual of benefits established years ago at twenty-five (25) hours.

Auditor Hackman suggested the twenty-five (25) hours. There could also be a possible increase because the spouse's companies may decide to not offer insurance, pushing the spouse's back onto the County insurance plans.

Cathy Dunn stated that her agency is self-funded and will continue to be. She stated that at some point, the County may want to look at raising the family healthcare expenses. She does not believe that 2013 is the year to do that.

Chris Ogle asked what the numbers were again. We have to be under forty-four dollars (\$44) and we are at fifteen dollars (\$15). Cathy Dunn stated that the County could look at raising the individual coverage fee up to thirty-five dollars (\$35) or forty dollars (\$40).

Larry Kleinhenz said he could initiate it, but wanted to know what the Council would be comfortable with. Jorge Morales suggested the twenty-five (25) hours.

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Ryan Lauer asked what the language would need to be if the Council decided to address it today. Auditor Hackman stated that it would need to state by the Council that the salary ordinance recognizes part-time as twenty-five (25) hours.

Jorge Morales made a motion to have the attorneys draft the language for the County Council's first meeting in January and the Commissioner's first meeting in January effective March 1 and consistent with accrual of other benefits.

Chris Ogle wanted to make sure that the Federal Government was not going to look at this as we were trying to get rid of employees. Cathy Dunn stated no, they would not as they were setting the rules and telling all employers to get in compliance with them.

Evelyn Strietelmeier Pence seconded the motion. Motion carried 5-0.

Auditor Hackman stated that County Commissioner Grant Tucker will have to look at the healthcare plan as to re-defining the plan as to who is eligible.

Greg Fox thanked everyone for meeting and listening to the presentation.

Motion to adjourn was made and seconded. Motion passed 5-0.

BARTHOLOMEW COUNTY COUNCIL

By: _____
Bill Lentz, President

By: _____
Jorge Morales, Pro-Tem

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By: _____
Chris Ogle, Member

By: ABSENT
Rob Kittle, Member

By: _____
Evelyn Strietelmeier Pence, Member

By: _____
Ryan Lauer, Member

By: ABSENT
Larry Fisher, Member

ATTEST: _____
Barbara J. Hackman, Auditor
Bartholomew County