MINUTES OF THE HEALTH BENEFITS COMMITTEE MEETING
HELENA SCHOOL DISTRICT NO. 1, LEWIS AND CLARK COUNTY
May 11, 2023
3:51 PM

The regular meeting of the Health Benefits Committee meeting was called to order in the Lincoln Center Board Room and online via TEAMS at 3:51 PM.

ATTENDANCE - ***Present*** unless otherwise noted.

John Burke – Chair	Janelle Mickelson	Emily Rodway
Shannon McNamee	Terri Norman	Betsy Allen
Rich Franco	Bridget Butler	Elizabeth Grev
Marti Kuntz	Kay Satre	Keri Mizell
Beth Heiser		

INTRODUCTIONS – (Rich) Welcome to the Health Benefits Committee Meeting 5/11/23. This is the time for comment on public matters that are not on the agenda. Public matters do not include any pending legal matters, private personnel issues or private student issues. Please do not attempt to address such issues at this time or you will be ruled out of order. The Committee cannot enter into a discussion during General Public comment.
Alright, I don't see any public in the meeting so we will go ahead and begin going through our Agenda.

GUESTS – None

ACTION ITEMS: -

Approve 4/06/23 Meeting minutes

1st – John Burke
2nd – Terri Norman
All in Favor

Approve 13% Premium Increase for Insurance Premiums

1st – John Burke
2nd – Shannon McNamee
All in Favor

SUBCOMMITTEE REPORTS

- *Finance/Benefit Sub-committee*: – None
- *Wellness* – None
- *Appeals* – None
- *Communications* – None

PREMIUM RECOMMENDATION:

- (See Action Items) – As we get into the "nitty gritty" of this, you will see the Premium Analysis sheet and Final Cals, once again $1.5 million we'd be in the deficit if we didn't increase Premiums. If we did 9% we'd have about a $470k hit to the Plan, at a 12% we'd have about a $45k hit to the Plan, we'd need a 12.88% increase in the premium to break-even. We spent a lot of time on these in the 4/27 meeting so I'll just run these in quick highlights.

- The Employee Out of Pocket Outlook you will see on the Single Premium Plan on 12.5% the employee would see about a $120 difference and the Single Standard Plan they would see about $229 leftover Benefit Dollars instead of the $300 plus. If you look in the highlighted column then you will see the difference in comparison to this year's rates.

- The last fun one is the Unreserves. The last 6 months outlook is really huge and shows what our last 6 months looks like every plan year. The first 6 months looks like "yay" since we have deductible and max oops being met. The last 6 months we see bigger claims and more cost come out of the Plan. 2019 was a better year than the last few years. We had about $261,000 come out of Unreserves and then in 2020 we had about $1.2 million, 2021 was about $699,000 and 2022 was a little over $762,000 come out of Unreserves in the last 6 months. On average, $731,851.83 come out of our Unreserves in the last 6 months. If we look at the last 3 years, the higher years, then $888,000 is what came out… so about $157k more. Assuming we don't have a really bad August like in 2020 when we had over $1.7 million in claims which was the most I've seen in my tenure here… then we would lose about $732k from our Unreserves which would put us in the $1.5 to $1.6 million category for Unreserves. Beth: That seems awfully low what is it normally? Rich: Well, we started the year off just a tad under $1 million which is the lowest I've ever seen it. And since we usually build the first 6 months that's why we are in the $2.4 million Unreserves right now. Kay: Can you give us more historical context on our Unreserves, like $2.4 million and then lose $800k then we'd be in the mid-1 million area. What is healthy? What is normal? Rich: Here's the deal, our Reserves we have about $6 million to pay for run-out of claims, Admin costs, etc. if our Plan went belly up. Generally speaking, it would cover about 2/3 of a year, but now most likely ½ a year. In 2016 we had a healthy Unreserve ($6 million-ish) where we could pass that on to our members. I feel comfortable around the 3 ½ million mark, so we're a million or so away from that right now. But, since we had enough money before we could pass some of the percentage on to the Plan. 2 years ago we were projected 18% and only did 7% and saw over a ¾ million Unreserve hit on top of a bad year. Last year, we had a projected 20% and did a 15% which saw a hit to the Unreserves again. Unfortunately, with our bad years of catastrophic claims where they hit Stop Loss, we used to see around 1 to 3 and now the past few years was between 10 to 12 which is insane. 1 month can make a big difference. As I was telling Mr. Burke, this year we were about $40k under last year's expenses in October and November and then in December we saw a $189k increase compared to last year, that wiped out any savings we were starting to build. That's just how it goes. So, to answer your question, we aren't very healthy in Unreserves and that was a mixture of things. We are at a point now where we just can't undercut anymore. Kay: That context is good, I just wanted to understand how dangerous or dire it was to touch our Unreserves and that answers that. Rich: Yeah, if we did only 9% and we ate almost ½ million in Unreserves, there's a good chance if we had a couple bad months next year, then we could be having an emergency session to increase premiums mid-year…we haven't done that since the mid-90's and I'd prefer us to not to have to do that. We are supposed to be fiscally responsible for the Plan, the Plan is primary and we are supposed to keep the solvency. Shannon: Can I just confirm, if the pattern continues then in the end, we will be about $1.6 million at the end of the Plan Year, which will be about 2 million dollars less than you are comfortable with. Is that correct? Rich: Yes, you are correct. When I said a million, I should've said 2 million. I apologize. Bridget: I have a quick question and I think I know the answer, but I want to confirm. If we went lower than what we have, then by law we can't go into the Reserves, right? Rich: No if we ever touch that then we could get shut down. As Roger Cowan said from Allegiance, if the members of the District Plan thought we were fiscally unresponsible, then members of the District could come after the Committee. Shannon: We could be held liable. Rich: Correct, absolutely. John: You gave us a number per percent, if we went up how much would that be? Rich: $122,000 would be the amount what 1% increase would generate in revenue. Just to keep it in perspective, I just did a payment for weekly claims on a good week for $140k Medical, about $28 for Rx so about $170k for a weekly claims… so just so you have an idea what the $122k would do. Shannon: This is a little off topic, but at the representative meeting 1 of the members asked how much the Plan saved with the new projects that we started. Rich: Back in November Alliant gave us some of those numbers and see if they can update them. They are real numbers, not projected. The only thing that hindered us was the Quantify Health not being able to be implemented due to Cigna's network and contracts. I believe the Smart 90 was doing better than what was projected, but I will get the numbers and we can see. We are looking at a couple more tools/programs that will help our claim cost hopefully go down or keep high-cost claims from increasing. Betsy: We're going to consider 9 or 12 ½ percent, the City of Helena is doubling their Premiums for what they are paying. It doesn't make it look any better, but 12 ½ percent is better. Rich: Right, a friend of mine in California saw an increase of around 24% for their insurance, and another one that's a Para in Springfield, MO which she saw a 17% which made 15% seem a little better. Shannon: I don't recall us talking about this in a few years, but what about raising the deductible on our Plans? Rich: Yes, we talked a little about it in the last 27th meeting and we are going to have Alliant help with that. I talked with Delta Dental (Jim Dole) so he can talk about a couple different type of dental plans, we have been on a reimbursement schedule per code but there are other options and he can help explain what those are. Shannon: So, we aren't talking about doing that this upcoming year? Rich: No, that would take too much time that we don't have. John: Are we looking at doing both? The Plan restructure and RFP? Rich: Yep, that's right. Bridget: The $40k we would save would've been from deductibles or max oops? Rich: The Deductibles, but Alliant was supposed to look into more than that but I think that's just a miscommunication gap so we are going to go over that and have a bunch of information for you guys when you get back from the summer. We will be looking at everything from breaking out our plan, the deductibles/max oops and whatever else is available. What places we can save money, what we can do to enhance our Plan such as the EAP where we can get more robust plan to help the members with a minimal to less cost. Shannon: Just one more question, we probably don't have time to talk about reducing benefits. If we have to reduce benefits how do we decide to do that when our charter/bylaws say we can't specify to certain category/groups. Rich: That answer is pretty simple, if you break out the Plans (Med/Den/Vis), what goes on across the world, we (the District) pays for a certain amount, then if someone wants the better Plan they can pay that additional cost like everyone else. It'd be like Ford Escort but you want a Cadillac, then you will have to pay more. Back to the topic on hand, does anyone have questions on the rates and what we're looking at? Anyone want to make a recommendation? Emily: Just to remind me, last year we voted 15% and we needed 20%. This year we are voting on 0%, 9% and 12.5%? Rich: Emily you are correct, but we don't have to do just those numbers, if you guys want to vote on the full 12.87 or 88%, or 13% then you can make that recommendation and we can definitely look at that. Beth: Say if we did the 12.5%, does that mean we would have to do less? Rich: Yes, in a sense. There's 2 things, 1 if we did nothing with Plan structure then next year the only percentages would be the inflationary increases. So, had we did the full 20 last year it'd only be about 7% this year, so that's 1 part of it. 2, with our Plan design changes and going out to RFP we could potentially lower the premiums and projections for the following year. Beth: It would be good to just get the pain out in 1 year instead of drawing it out. Rich: Yeah, a lot of the drawing out with because we were giving money back to the members because we had a lot of it, but unfortunately now we don't. We have to look at our part and what we can do to maintain solvency and go from there. Kay: It seems to me that the options are, this is what I'm concerned about… we're in budget difficulties for our General Fund. We have historically paid for the full Single Premium Plan, I'm thinking about if we go for 9% we are asking the plan to absorb a certain amount of risk and not pass onto the General Fund and the people right? So, I'm wondering if we went to 12 ½ percent, the bargaining is still in progress, if we go the 12 ½ percent I don't know what that is going to look like in that process, but I also know our General Fund has no margin, how do we leave in the consideration of the solvency of our plan? Rich: You answered it with the last part of the question, it's the solvency. If we did 9% and we absorbed ½ million, then if we have a bad August like 2020, then we could be starting the next year off with $400k to $500k in Unreserves. If we have a rough October, November then we could be meeting in December to raise Premiums. It's a very tricky line, but you have to separate them. Janelle: You have to separate the position on the Board for the General Fund, and the seat in the Committee for the Self Insurance Fund because the job of the Committee is to make sure that the Insurance fund is fiscally sound. Rich: That's a big statement coming from Janelle, the CFO/Business Administrator, but it's a very true statement. It's a great question, but you have to separate yourself out of it and you have to look at what this Plan is doing and what you're charged with is taking care of the Plan. I tell people all the time, do you think I'm happy taking on additional cost personally? No, but that's not my position.

Kay: I do think I am separating, while understanding there are consequences of the decision we make. Last Year when we went for the 15% instead of the 20% to soften the blow for the members and General Fund. Right? Instead of the 20% to maximize. Isn't that true? Janelle: That's true, the problem is we've been doing that for a number of years now and we are eating away at the Plan's Unreserves and can't keep doing that. Rich: She brings up a good point, it's not a General Fund where we can go in deficit, if we go below 0 then we have 2 options. 1, we raise Premium rates for employees or 2, we dissolve our Plan. There are no other options, and that's what makes this black and white. Kay: Thank you for those good responses, it helps. Rich: Of course! You have to be comfortable with all aspects and to understand what you're making decisions on. Beth: Yeah, we don't want to make premium increases mid year, that's unacceptable and not fair to people. Rich: I've talked with numerous employees and there are quite a few members that are on our Premium Plan for Dental and Vision, but they don't understand they can go to the Standard Plan and flex out the $229/month to pay for either of them or both. A lot do now know that, so that's something we need to help them understand. Kay: I think showing what our coverage in comparison with our AA Districts would help see what we have. Rich: Yeah, if we look at other AA schools, basically our Standard Plan beat them all and were getting about $300 a month back they could use the money for. There's a lot more freedom, Billings was the only one matching, there's was very similar to our Standard Plan. John: I also think what Kay was talking about is to look at Plans to see what's covered and what isn't. Rich: Right, you can see versus Billings our Benefit through St. Peter's with their NNP, blows them out of the water. That's something I think Alliant finished a Q & A for and we can send that out to our members to help them. It's insanely good, but not everyone likes St. Peter's so we have options. John: Are we at the point we can maybe throw out some numbers? Rich: Yeah, it's up to you guys! John: Historically I've been here when the Unreserves were good and have come down. I personally feel that we aren't doing the right thing if we don't cover the 12.8% I'd be willing to do the 13%, we're gambling too much. Shannon: I agree with John, we need to keep the solvency and not risk the Plan. Beth: Just do the pain now and then get back on track and see where we are next year. Rich: Yeah, and we'll have changes next year so I think that's the hardest problem is we kept passing on percentages to the Plan so the members saw small percentages. Even the big 18% we only did 7% so that 11% carried over because we had a bad year and we lost a lot in Unreserves and it sucked. Beth: What does dissolve the Plan mean? Would the District would have to emergency pick up a plan from somewhere? Rich: We'd look at being fully insured which means that all the things we did to enhance our Plan and what we can do would go away because we aren't Self-Funded. We would be at their mercy for rates and everything. If they said that we have a 30% increase, then we pay it with no say in it. It's definitely a good question from Beth to keep it all in perspective. John: Does anyone else feel different? Betsy: I will give my 2 cents, I'm with John. I'm tired of gambling too, we need to make it right. Rich: Now we're just waiting for a motion. John: I'll make a motion that we increase the Premiums by 13%. Shannon: I 2nd. Rich: All in Favor? Kay: Wait wait wait, we get to discuss right? I just had a question, why did we look at 12 ½ percent instead of 13%? Rich: We typically just try to make it by ½ percent, but it doesn't mean that is what we have to vote on. That's why I stated earlier that no matter what we have on the sheet that you guys can make a motion on any number. Kay: Ok, thank you. I was just wondering why. Rich: No worries. If there are no other questions, we will continue. On the table right now is a Motion by John Burke for 13% and a 2nd by Shannon McNamee. Can I get an all in favor? Whole Committee: "I". Rich: Any opposed? Ok, then that passes on all in Favor with no opposed. Well that was easy. (Laughter).

OTHER:

- We need to vote on the COVID emergency ending. I think we can use Flex for the COVID tests, so until I hear back, I won't say 100%. But the rest: OTC Test, COVID Vaccine, Telemedicine is all on the table to go back to prior or to keep as current. Prior to COVID we didn't cover Telemed. In PY 21-22 we had 908 Telemed visits equaling about $150,865.29. Over 700 was for Mental Health, which means it's mostly counselor visits. I do know from experience, that most counselors push for online, which isn't bad. It's entirely up to you guys if you want to keep it or not. If we go back to prior, then we're pushing the 700+ mental health visits to go in person. Shannon: In our community there is a lack of counselor services for kids and adults. Rich: Yes, and for those that are seeing counselors outside of the City and State would have to look for other services and that would make it more difficult. John: The Business we are in is a high stress job and it's continuing to get tougher, and I just think we are doing a disservice to our people if they can't access Mental Health. I just think that it's not the right way to go. Shannon: I concur with John. Emily: I have a question on the pay for COVID tests. I would imagine that certain diagnostic tests are paid a certain way, is there a percentage and there are tiers. What way would it be paid? Rich: There is routine and diagnostic. I don't imagine that it would be more expensive for an influenza test, from what I understand from Allegiance they don't have the information yet, but as far as cost goes they're pretty sure it'll be less than the flu test and there should be other avenues for cheaper tests available. Emily: I guess I'm in favor of the COVID test being covered like diagnostic and the vaccine same as other vaccines. Rich: So, top to back to normal and bottom 2 currently. Bridget: So what you're saying is cover them all? Rich: So, if you look at the right side, we'll pay the COVID testing and OTC testing like original and the COVID vaccine and Telemed like current for COVID emergency. Rich: Can I get a motion? Kay: I will move to do what we just agreed to, the COVID Testing like diagnostic, OTC test subject to deductible and coinsurance, COVID Vaccine pay same as other vaccines, Telemedicine Continue to pay the same as current. Rich: Can I get a 2nd? Terri: I. Rich: All in Favor? All Committee: "I". Rich: Any opposed? Ok, I think you guys did really good on that one, I was thinking the same ones myself. I believe that is it. The only other thing I'll say really quick is Alliant did look at Life Insurance and LTD, it's looking like lower savings down to $11k. But, the EAP is looking closer to $18k instead of $30k so that's the good, the bad and the ugly is that we will have to make that decision on the 25th! Any questions? Ok, I call this meeting adjourned!

Next meeting: 5/25/23

Meeting adjourned: 4:59 PM