

Indiana Advisory Commission on Intergovernmental Relations

Friday, October 24, 2014

1:30 P.M. to 4:00 P.M.

Statehouse

Room 404

200 W. Washington Street

Indianapolis, Indiana

MINUTES

CALL TO ORDER/WELCOME

Chairman Mike Karickhoff called the meeting to order and welcomed the group at approximately 1:30 pm. Attendance is shown in Attachment A.

MEETING AGENDA

- Call to Order/Welcome Chairman Mike Karickhoff
- Approval of Minutes of August 29, 2014 and September 26, 2014 Chairman Mike Karickhoff
- Managing Local Government Employee Health Care Costs - Presentations Chairman Mike Karickhoff
 - Preliminary Results from Survey of Local Elected Officials Jamie Palmer
 - Effect of the Affordable Care Act on Local Governments Christine Zoccola, Bose, McKinney and Evans
 - Self-Insurance and Wellness Initiatives Eric Dreyfus, Apex Benefits
 - Employee Health Clinics, including Shared Health Clinics Richard Sutton, R.E. Sutton & Associates
 - IACT Medical Trust and Cities and Towns Issues and Responses Anne Cottingim, IACT
 - Township Issues and Responses Debbie Driskell, ITA
 - County Issues and Responses Andrew Berger, AIC
 - Schools Issues and Responses Jeff Fox, H.J. Spier
- Managing Local Government Employee Health Care Costs – Discussion Chairman Mike Karickhoff
Membership
- Report on Commission Activities Chairman Mike Karickhoff
Membership
- Next Meeting: TBA Chairman Mike Karickhoff
- Adjournment Chairman Mike Karickhoff

APPROVAL OF MINUTES OF AUGUST 29, 2014

Chairman Karickhoff asked the commission to review the minutes from the previous two meetings, August 29, 2014 and September 26, 2014.

Mayor Terry Seitz made a motion to approve both sets of minutes as written. Therese Brown seconded the motion. The motion carried unanimously.

MANAGING LOCAL GOVERNMENT EMPLOYEE HEALTH CARE COSTS – PRESENTATIONS***Preliminary Results from Survey of Local Elected Officials***

Chairman Karickhoff introduced Jamie Palmer who gave a preliminary update from the most recent Survey of Local Elected Officials.

Ms. Palmer indicated that 500 surveys have been received and about half have been entered. She presented preliminary data from the survey questions regarding employee health care. She called attention to four tables in the handout (Attachment B). Tables 1 and 2 show how many local governments provided health care insurance to elected officials and full-time and part-time employees for 2008-2014. This year, respondents have the option to indicate whether all or part of each group is provided these benefits. Table 3 shows information about whether local government health insurance costs have increased over the last two years (for survey years 2008-2014). Table 4 provides information about what steps local governments have taken to combat the rising costs of providing health insurance to elected officials and employees by office (for survey years 2012 and 2014). Ms. Palmer stressed the data are incomplete and could change significantly when all the data is available.

Effect of the Affordable Care Act on Local Governments

Chairman Karickhoff introduced Christine Zoccola, Bose, McKinney and Evans, LLP.

Ms. Zoccola presented an update on how the Affordable Healthcare Act (ACA) affects local governments (Attachment C). She discussed the IRS reporting requirements, deadlines, penalties and how to prepare the IRS forms. Health plan identifier numbers must be obtained by November 5, 2014. The Indiana health care marketplace exists in the federally-facilitated exchange accessible at www.healthcare.gov.

Chairman Karickhoff asked about spousal coverage. Ms. Zoccola said that the ACA is not required to cover spouses but it must be offered to the employee and the employee's dependents.

Mayor Joe Wellman said if the penalty based on coverage for self-only is 9.5 percent of the employees W-2 earnings, then it is not affordable.

Mayor Seitz said the coverage of dependents (up to 26 years old) who have access to their own health insurance should be addressed. He believes anyone who gets Medicare should be required to enroll there rather than take local government health insurance.

Geoff McKim asked Ms. Zoccola about spousal coverage. She said ACA does not require it and she expects to see exclusions more over time.

Jamie Palmer asked for advice to local governments about the definition of full-time relative to elected officials.

Ms. Zoccola will get more information.

Ken Paust said elected officials should be covered or not covered. There should not be discrimination among elected officials in a single government.

Self-Insurance and Wellness Initiatives

Chairman Karickhoff introduced Eric Dreyfus with Apex Benefits.

Mr. Dreyfus discussed self-insurance vs. insured—group health insurance and managing risks (Attachment D). Self-funded insurance has more advantages than insurance, i.e., financially, more flexibility, better control, easier reporting and information availability, and provides fiduciary responsibility. Self-funded insurance also provides better risk pool management.

Chairman Karickhoff asked how Apex Benefits gets paid. Mr. Dreyfus said units either pay up front or build it into the cost of the product. Payment doesn't typically come from the savings.

Chairman Karickhoff asked how many groups are with Apex Benefits.

Mr. Dreyfus said about 12 local governments.

Employee Health Clinics, including Shared Health Clinics

Chairman Karickhoff introduced Richard Sutton with R.E. Sutton and Associates who presented Medical Onsite Clinics (Attachment E).

Mr. Sutton indicated that his firm helps manage approximately 60 onsite medical clinics in the state of Indiana, most of which report positive returns on investment. He explained the pros and cons of clinics administered independently and through hospitals. He said regardless of unit size, many entities want onsite clinics. As 500 is the minimum number of employees to support a clinic, small entities are now choosing to share clinics.

Mayor Wellman asked what success wellness programs have had in general.

Mr. Sutton said that programs have moved from the carrot to the stick approach. The latter is more effective in managing employee health and the associated costs. If employees participate there is compensation, if they don't there is a penalty.

Mayor Seitz said they did not have annual screening before. Now they have mandatory screening. At first 20 percent didn't participate and they were the most unhealthy. He believes the program is successful.

IACI Medical Trust and Cities and Towns Issues and Responses

Chairman Karickhoff introduced Anne Cottingim with the Indiana Association of Cities and Towns (IACI) who discussed the IACI Medical Trust. (Attachment F).

Ms. Cottingim shared that the Trust is a self-insured insurance program with a combination of cities and towns participating as one large insured group providing stability, affordability, and predictability. She described the products offered by the Trust. She said this type of pooling is working well for Indiana. Ms. Cottingim discussed regulation, protection, ownership, and governance, as well as, challenges and opportunities.

Chairman Karickhoff asked about the spike in the chart on slide 8, page 4 of the handout, "Member Experience with Annual Renewals."

Ms. Cottingim said that 2012 was a high claim year and the trust board chose to build their reserves. They changed their methodology for 2013-2015.

Township Issues and Responses

Chairman Karickhoff introduced Debbie Driskell with the Indiana Township Association.

Ms. Driskell said most townships are too small to provide health insurance even to the trustees. When they want to provide insurance it must be a group policy. The state no longer has a pool that townships can buy into. There aren't many other options. Most townships that do provide health care do not worry about the ACA because they are too small. Typically, townships have high co-pays. They have seen savings and we'd like to re-establish the state sponsored pool.

County Issues and Responses

Chairman Karickhoff introduced Andrew Berger with the Association of Indiana Counties.

Mr. Berger echoed the information provided by Mr. Dreyfus. Several counties work with Apex Benefits.

Mr. McKim asked whether local governments are adjusting their behavior with respect part-time, seasonal employees.

Mr. Berger said it is an issue for all employers.

Schools Issues and Responses

Chairman Karickhoff introduced Jeff Fox, with H. J. Spier who presented Managing Local Government Employee Health Care (Attachment G).

Mr. Fox discussed pressures on school corporations, the situation with the Zionsville Community School Corporation, the Exclusive Provider Organization (EPO) arrangement with St. Vincent Health, and the results of the clinic and EPO. Schools have hung on to generous health insurance plans. They have been slow to adopt high deductible health plans with health savings accounts. Schools adopted clinics as a strategy before other types of units. Clinic numbers have increased.

MANAGING LOCAL GOVERNMENT EMPLOYEE HEALTH CARE COSTS—DISCUSSION

Chairman Karickhoff opened the floor for discussion. He noted that many council members run for that office for the healthcare.

Mayor Seitz said there is a need for the clarity about when full-time or part-time elected officials count as employees under ACA.

Mayor Wellman said his city has made the cost of local government health insurance transparent to the public.

Chairman Karickhoff asked Mayor Wellman if there was a trend.

Mayor Wellman said they just started this year. One half or less take the benefit.

Mayor Karen Freeman-Wilson asked to be provided with information as to who is taking the benefit and who is not and what the cost is to the municipality.

Chairman Karickhoff agreed that collective information would allow local governments make better decisions.

Mr. Paust said that all budgets have been reduced. You cannot discriminate among local officials. You must treat all the same. There is a need to look at ways to decrease costs. Wellness programs are beneficial.

Chairman Karickhoff said that local officials are underpaid but not entitled to health insurance.

Robin Brandgard said that in Plainfield they make insurance available but it is not free. Elected officials have to pay the same premiums as employees. There are lots of ways to lower costs.

Mayor Freeman-Wilson suggested finding out what units are doing with wellness programs.

Chairman Karickhoff said some offer a discount for working to lower cholesterol and blood pressure, the stick approach.

Mr. McKim said they did research on defining elected officials as employees. There was no definitive answer. They offer insurance to all.

Chairman Karickhoff said that Medicare was a requirement at 65 years old.

Ms. Palmer said that solutions don't often seem to cross types of local government, with the exception of a few shared clinics recently. She wondered if there is a technical reason why that is true.

Mr. Sutton said that shared clinics require proximity. You need lots of people enrolled, a minimum of 500 employees.

Ms. Cottingim said that IACT has reached out to AIC. The Medical Trust could enroll other types of local governments.

Representative Tom Saunders said that locals once could join the state pool. It was expensive.

COMMISSION REPORT

Chairman Karickhoff said to wrap-up there will be a report that addresses the discussions from the last three meetings, including discussions on 911, fiscal benchmarking, and healthcare.

Mr. Paust asked if there was a conclusion on the \$.10 increase to fund 911.

Chairman Karickhoff said that the findings in the August 29, 2014, minutes reflect the need for the increase.

Chairman Karickhoff also indicated Representative Austin had expressed concerns about the distribution formula. Donor counties want to be able to have access to more of the funds raised in their counties. He plans to contact Barry Ritter, Director of the Indiana Statewide 911 Board, to explore a solution to this issue.

Senator Randy Head made a motion to direct Jamie to prepare a report documenting the commission's activity over the last three meetings and send out to the members for comments." Ms. Brown seconded the motion. The motion was adopted unanimously.

NEXT MEETING

The next meeting will be set at a later date.

ADJOURNMENT

Chairman Karickhoff adjourned the meeting at approximately 3:45 pm.