

**CHARLOTTE SELECTBOARD
MINUTES OF MEETING
TOWN HALL
SEPTEMBER 30, 2013**

APPROVED

SELECTBOARD MEMBERS: Charles Russell, Chair; Ellie Russell, John Owen, Lane Morrison, Winslow Ladue (arrived 5:06 p.m.).

ADMINISTRATION: Dean Bloch, Selectboard Assistant.

OTHERS: Tim Davis, Gloria Warden, Betsy Tegatz, Sharron Balaban, Margaret Woodruff, and others.

ITEMS TAKEN UP:

- **Employee Health Insurance – approve employee’s options and town contribution – action item**

CALL TO ORDER

Mr. Russell, Selectboard Chair, called the meeting to order at 5:00 p.m.

ADJUSTMENTS TO AGENDA

None.

EMPLOYEE HEALTH INSURANCE – APPROVE EMPLOYEE’S OPTIONS AND TOWN CONTRIBUTION – action item

Mr. Bloch stated that the Town employees were sent a notice of the Selectboard meeting. Following the 09/23/2013 Selectboard meeting staff had contacted a VermontHealthConnect Navigator, Tim Davis, to answer questions, such as costs to the Town and employees. Part time employees would be pro-rated at 4 percent for additional hours over 20 hours worked per week at a \$4,000 pro-ration cost, which was a change, said Mr. Bloch.

Mr. Bloch handed out copies of a Burlington Free Press article, dated 09/29/2013, regarding health plans for review.

Mr. Bloch said that after comparing high deductible plans the true cost was 70 percent of what was shown on the chart for ‘out of pocket’ costs.

Mr. Davis said he was not sure how an HRA played into a high deductible plan. For a HSA the Town would retain the unexpended funds. An HRA stays with the Town and was a way to reduce town expenses.

Employee questions included:

- Will the change limit employee selection of a plan, such as BC/BS.
- Will the Town provide a contribution and at amount.

- What pro-ration would the Town provide for part time employees that work between 20-30 hours/week.

Mr. Davis noted that BC/BS was a single carrier. Did the Town want to go with a multi-carrier, or a single carrier, and if the Town wanted single coverage and/or tiered coverage, asked Mr. Davis. Mr. Russell replied that the Town was interested in a tiered coverage.

Mr. Bloch said that the town would make a contribution. The amount of contribution was a question, said Mr. Bloch.

Mr. Davis said a question was what the Town spent in the past for premiums for a FTE at 30+ hours/week. There were 6 FTE employees with a mix of 3 families, 1 single and 2 couples. The Silver Standard Plan would be a benchmark plan. Last year the Town paid \$4,032 annual, or \$336/month for a single premium. An HRA premium would be up to \$5,950 for a single. He estimated that the town exposure was \$100,000 for premiums and HRA's for FTEs. Part time employees can't get a federal subsidy when the benefits were extended for them, said Mr. Davis.

Mr. Bloch noted a concern was that the Silver standard plan the deductible was non-integrated. A total premium was \$6,350, which was higher, said Mr. Bloch. Mr. Davis suggested that for the 3 families they could take the \$900 Town contribution and shop a plan when the HRA set the limits.

Ms. Balaban asked if the 10 percent portion of deductible paid by the employee would be paid out first, or at the end. Mr. Bloch added or 'as you go'. The contribution was a 90 percent Town contribution-10 percent employee contribution split. Sharron's concern was that individuals could have different plans, clarified Mr. Bloch. Mr. Davis explained that there has been a major move in small business/groups. The employer contribution could go toward ramping up the paycheck, and the employee could apply for a federal subsidy, said Mr. Davis. Ms. Balaban said that they were not applying for a federal subsidy.

Mr. Bloch said that employees have several plan choices. Mr. Davis explained that most employers were moving away from multiple choices. They were bumping up contributions and the employee got what they wanted, said Mr. Davis.

Mr. Ladue said a question was if the Town contribution would be a block amount of money, or a percentage. The 90 percent was a maximum, said Mr. Ladue. Mr. Davis suggested taking the money from the HRA and put in into a premium contribution. The Town should use its experience to rate a premium contribution. For example; for a single person at \$350/month premium, a couple at \$650/month, and a family at \$950/month, said Mr. Davis.

Mr. Morrison suggested using a high deductible Silver plan as a benchmark. Mr. Davis replied that the Town could then if say they were benchmarking to "a" plan. A dollar

amount premium let a person know what to shop for, said Mr. Davis. Mr. Russell said that a likely cost was \$129,000 without pro-rating for part time.

Mr. Davis explained the definition of an integrated deductible as both the medical and prescription drug expenses contributed toward the deductible. For a high deductible the person would get a tax break, said Mr. Davis.

Ms. Warden asked if prescription drug and medical deductibles were added together. Mr. Davis explained that in a regular plan the RX deductible goes to out of pocket costs. In a high deductible the prescription costs go toward the deductible ceiling, said Mr. Davis.

There was discussion regarding aggregate deductibles – applied to more than one person within a family with one deductible, stacked – layered both individual and family deductibles and once either deductible was met cost sharing of co-pays and co-insurance would be in effect, non-stacked, and integrated deductibles.

Ms. Balaban said that she had called the state for an explanation of benefits. For a family plan using the Silver level at \$11,500 high deductible, the medical deductible of \$3,100 must be met and goes toward out of pocket costs. The prescription deductible of \$2,500 would contribute toward out of pocket costs and the \$3,100 medical deductible. Once the medical out of pocket costs were met then you could look at what the co-insurance would pay, which was 20 percent of every bill. That was good for the Town since the insurance had the majority of liability, stated Ms. Balaban.

MOTION by Mr. Morrison, seconded by Mr. Owen, to select for FTE employees a Silver High Deductible as a benchmark plan at a 90 percent Town contribution level and HRA maximum out of pocket from BC/BS, and co-insurance and co-pay would also be based on the Silver High Deductible benchmark.

VOTE: 5 ayes; motion carried.

Mr. Davis said that premium Town contribution for a family was \$1,160 equal to \$12,528 per year. For the HRA it was \$11,500 annually per family.

MOTION by Mr. Morrison, seconded by Mr. Owen, to approve for part time employees a 4 percent pro-ration for every hour over 20 hours worked/week based on the Silver High Deductible benchmark plan up to 29 hours.

VOTE: 5 ayes; motion carried.

(NOTE: Mr. Owen departed at 6:00 p.m.)

MOTION by Ms. Russell, seconded by Mr. Ladue, to approve BC/BS as a single carrier plan to give employees a choice, and any premium difference from the Silver High Deductible benchmark plan base to be paid by the employee.

VOTE: 4 ayes, 1 absent (Mr. Owen); motion carried.

Mr. Russell said that the pro-ration part would be \$129,000 plus \$4,000 for a total of \$133,000.

Staff was requested to have numbers ready at the next Selectboard meeting including a summary of the old plan and new plan.

Mr. Davis suggested that the town benchmark for funding a premium at a fixed number.

MOTION by Mr. Morrison, seconded by Mr. Ladue, to implement a pro-rating plan effective October 1, 2013 for part time work of 20-29 hours per week.

VOTE: 4 ayes, 1 absent (Mr. Owen); motion carried.

ADJOURNMENT

MOTION by Mr. Ladue, seconded by Ms. Russell, to adjourn the meeting.

VOTE: 4 ayes, 1 absent (Mr. Owen); motion carried.

The meeting was adjourned at 6:10 p.m.

Minutes respectfully submitted, Kathlyn Furr, Recording Secretary.