

Workshop Meeting
Lamar County Board of Commissioners
11-4-2024
11:00 A.M.

Call to Order

The meeting was called to order at approximately 11:13 a.m. on November 4th, 2024. Present for the meeting were Chairman Traylor, Vice-Chair Gilles, Commissioner Fletcher, Commissioner Lovett, Commissioner Thrash, County Administrator Townsend, County Clerk Davidson, and HR Director Kilchriss.

NFP Health Insurance Renewal with Jonathan Shaw

• **Claims and Coverage Overview**

- The downside of changing to this type of program, a fully insured to a partially self-insured program, especially in the first year, is the lag in the claims data. Ideally the conversations would take place in late September or early October. Allied wanted 9 months of claims data before they would submit an option and the reason for the battle mode.
- Current health insurance plan with Anthem, fully insured in 2023 and 2024, experiencing high claims toward the end of the plan year. It had a July renewal for 2024, and they were set to go for about 1.5 million. There were high claims at the end of the Anthem plan year. For 2025 the renewal at 15% under the current setup was a cost of \$1.7 million under the fully insured setup. From a cost perspective financially the plan the County moved to is performing much better. When the change was made, it was the administrative burden that fell on the members to work through this type of health plan because you are no longer with insurance. You are no longer with a network. You now have a health plan that pays off of reference-based pricing. It is a completely different setup. The offset was the financial gain for the County budget. Overall, it was a good decision financially for the County.
- The Claims Experience Analysis showed a total of 124 to 119 employees with a total paid claims of \$711,434.00 with an annualized total amount of \$948,579.00 in claims, with \$103,904.00 absorbed by stop-loss insurance, demonstrating effective financial performance. After stop lost claims there has been \$607,490 worth of net claims through September with an annualized amount of \$809,987.00. The fixed cost premium of \$1,111,592.00 is what you are paying for your premium. The medical payments are \$544,878.00 in claims and are expected to be \$726,503.00 in medical claims. The big driver is prescription with a concentration in diabetic medications. The total claims are \$166,557.00 with an expected \$222,075.00 annualized net.
- A soft carrier marketing survey was done with only Allstate willing to provide a renewal. ACCG, Anthem, United Health Care and Cigna declined to quote. Mr. Shaw spoke to ACCG, and they are interested in vetting the program which could be a solution one day for the County in the future. The value of being in the ACCG pool was the catastrophic protection. The pool absorbed a high portion of that claim and was not factored in your renewal. Mr. Shaw stated that ACCG now does have enough members in the pool to provide that same type of protection. This is more of an individual contract with a pre-arranged agreement that ACCG has negotiated, and they are being very defensive because they do not want a polluted pool. Mr. Shaw said they are cherry picking their customers.
- For the FY2025 renewal there is Allied/Allstate and continue on with partial self-funded structure with reference-based pricing (RBP) model. Discussed a way to avoid network

limitations and administrative costs by accessing the CIGNA network. You would go from reference-based pricing back to traditional insurance with a pre-defined network of providers. The cost will be about a 30 percent increase in max liability to do this. Mr. Shaw stated if they wanted to go that route he could work on the cost guide.

- A favorable renewal with Allied/Allstate is on the table but the employees faced hidden administrative burdens. There was a \$150,000.00 aggregating specific that was removed from the renewal policy for FY2025. There is a specific deductible of \$100,000.00 in claims and this is what the County is liable for on any member that is on the plan. The first year there was another \$150,000.00 on top of that, it could have been one person or ten people. This is a maximum impact to the liability on claims for the County.
- There was a large increase in Administration costs going from \$115,836 to \$198,817.00 which is an \$80,000.00 increase. Mr. Shaw was able to get this lowered to \$117,283.00 which is about \$2,000.00 Administration cost. The two things that constitute the fixed cost are the Medical Administration Cost and the Stop Loss Premium Cost. The Stop Loss Premium is going from \$189,179.00 to \$234,699.00 which is about 24 percent. This is what constitutes the higher increase. The total annual costs with maximum claims will go from \$1,493,499.00 to \$1,409,872.00 because of the \$150,000.00 aggregating specific being removed.
- **Employee Participation and Claims**
 - 124 employees covered, with 2-3 spouses and one dependent.
 - High number of diabetic and pre-diabetic members (12 out of twenty-five on diabetes-related medications).
 - A total of 544 claims year-to-date, including \$222,000.00 in prescription claims.
- **Financial Analysis and Renewal Considerations**
 - Reviewed fixed administrative costs and stop-loss premiums.
 - Allied Health's stop-loss premium of \$189,000 with a profit margin of 46%.
 - Issues arose with unprocessed claims and delayed payments, leading to employee dissatisfaction and instances of debt collection notices.
- **Employee Experience with Allied Health**
 - Several employees reported unpaid claims, resulting in collection notices.
 - Concerns about the lack of advocacy from Allied for claim disputes.
 - Chairman Traylor expressed frustration about administrative gaps and a lack of transparency with RBP's promised savings. He stated that he would like more data with Option 1 that includes Allied Benefits and Cigna. Discussed potential \$400,000.00 cost to transition to another insurance option.
 - Commissioner Thrash stated that they need to offer something better for the employees.
 - HR Director Kilchriss stated that employees are discouraged by the benefits and claims not being paid.
 - Vice-Chair Gilles expressed frustrations with Allied not paying her claims.
 - Commissioner Lovett inquired about the percentage of employees who have used the insurance and asked if there was an overall problem or if they isolated incidents that they can use the savings to address them. However, if a bill was sent and it was not paid then Allied has an issue. This is a solvable Administrative problem. If there are six people that have a problem out of 120, can they solve that without spending \$400,000.00? Commissioner Lovett said it might better for the County to cut checks. Chairman Traylor said he felt like the number was higher than \$400,000.00.

- HR Director Kilchriss said there are ten employees that are in extremely serious conditions and that is where the money is being spent. Commissioner Thrash said that has always been a problem. Chairman Traylor said he thought the extreme health claims would be lower because when he first came here there were major health claims. He said even when the County was with ACCG they still had major health claims, and he thought the cost would be done. HR Director Kilchriss said the conditions are all cancer cases. Commissioner Lovett said if they are no more than \$400,000.00 then the County needs to figure out how to pay the bill. He said they have a larger pool of savings to solve the issues.
- Commissioner Thrash said she was in the hospital on New Year's Day of 2024. She said she is getting ready to write a check for \$2,600.00 for a hospital bill because the insurance company has still not paid it. This is after calling the 1-800 number and after working with the Allied because she does not want to get sued.
- Chairman Traylor said he is used an HSA account before and if they are talking \$400,000.00 divided by 120 employees on the insurance the cost would only be \$3,333.00 that they could put into an HSA fund. He said this would not cover what he or others have as out of pocket cost.
- Commissioner Lovett said they were going to spend \$1,800,000.00 last year on insurance that had a 7500 deductible. A \$7,500.00 deductible is unusable insurance. Vice-Chair Gilles said she owes \$85,000.00 that has been sent to the collection agencies.
- Mr. Shaw said that when you have a hospital stay this is where the savings are created because there is not a network. The facility has not agreed to any terms. They have seen you and the plan pays 125 percent of Medicare. The facilities do not like this and they like private insurance that pays anywhere from 600 to 700 percent of the bill. Vice-Chair Gilles said she thought that they would go to bat for the employee. Mr. Shaw said if it is under dispute it cannot go on your credit report and some of things take 6 to 9 months through the process to get the situation worked out. He said they are in the first year and they have not gone through it, and they cannot use her case as an example. He said he realizes the collection letters are bad and the employee has to know that the claim will be paid because the employee owes that money, and the employee has to know they do not owe that money. The employee has to have faith the insurance company will get it worked out because this is where the savings are created. If you do not have these balanced bills, that means they are happy, and you do not want the full amount paid to the providers in this type of program. This is where the \$400,000.00 to \$500,000.00 saving are created. Mr. Shaw said that with CIGNA insurance you are going to pay them that full amount that 400 or 500 percent of Medicare. Mr. Shaw said he creates an Administrative burden, and he understands the mindset, but it is part of the first year. Mr. Shaw said that big balanced bills do take time.
- Commissioner Thrash said when you have collection agencies call you, that is word salad to her because she is telling a collection agency, "Hey, they are working this out." When she gets served with a lawsuit they do not care, and they do not want to hear it. Commissioner Thrash said that they are all in a bad position because no one is advocating for them. What the Commissioners were sold, there is no one advocating for them.
- Mr. Shaw said they were having weekly calls with Allstate. HR Director Kilchriss said Allstate is not showing up to the calls. It is only herself and Chris and Amy from NFP. Mr. Shaw said he did not believe it was a widespread issue. Commissioner Thrash said there are issues when employees are coming to them telling them there are issues. Mr. Shaw said he does present these plans as only one solution. He said this was the only solution to reduce the cost for the County.
- Mr. Shaw said he is on board with getting more traditional insurance. He said it is the line-item cost to the hidden cost.

- **Future Options and Cost Management**

- County Administrator Townsend said he has \$1,800,000.00 budgeted for insurance.
- Chairman Traylor said the current deductible is \$5,000.00. If they took the \$400,000.00 and divided it out amongst the 120 employees who took the insurance and gave it to them it would be around \$333,000.00 which is around \$277.00 a month in their paycheck, they could use towards medical expenses. You could give employees an amount for not taking the insurance and then give employees who took the insurance an amount that could go towards their deductible or other medical expenses.
- Mr. Shaw said it would have to be the FSA (Flexible Spending Account) but an HSA (Health Spending Plan) you could build up and take towards retirement. FSA would come back to the County if employee does not spend it.
- HR Director Kilchriss asked for clarification that they were discussing give additional compensation for those opting out of insurance. The amount of \$400.00 was discussed.
- Mr. Shaw said they are capped at 9.3 percent of your lowest 98 percent paid employees There has to be an affordable plan for 98 percent of eligible employees. Because the County has a zero plan, the way the affordable care looks at is if the employee takes this for zero dollars it is still costing the employee because they are not taking that money.
- HR Director Kilchriss said that if they do not take the offered issue then they want get the market savings.
- Mr. Shaw said he does not believe they are going to be able to do \$400.00. They cannot go above 9.3 percent, or the County is fined because they are not offering affordable health care coverage.
- HR Director Kilchriss said it is cheaper if the employees take the Buy-Up plan because then you do not have the \$5,000.00 deductible.
- Commissioner Lovett inquired about the lowest paid employee. He said at \$12.00 an hour times 2080 x 9.3 percent you can do about \$193.00 a month. County Administrator Townsend said he believes the lowest salary for employees was higher than \$12.00 an hour. If the lowest salary is \$15.00 an hour, then the amount would be \$241.00 a month.
- Chairman Traylor and Vice-Chair Gilles stated they would opt out of insurance and get on their spouse or significant others insurance.
- HR Director Kilchriss pointed out that an employee's job is primary insurance, and their spouse or significant other is secondary insurance. Vice-Chair Gilles said that her County insurance is primary, her Aetna coverage is secondary, and Aetna took it all back because the County insurance is primary. Vice-Chair Gilles stated she was in favor of having traditional insurance.
- Commissioner Lovett suggested that they bump the last 117 people on the list, whatever they make is going to determine this. He said they could take the bottom five and move them up.
- HR Director Kilchriss said if the employees find that out to three employees, they will be upset that those employees got a raise. Chairman Traylor said this is the same thing that happened in the Sheriff's Office with the wage study increase.
- Commissioner Lovett said, "No good deed goes unpunished." He said the reason they are having the conversation is if they can find the saving in the health care plan, they can move from a 5 percent increase to a 7.5 percent increase without affecting the millage rate. He said the employees get another 2.5 percent increase in pay, you get an FSA, you get a 7.5 percent pay, and your taxpayers do not take a millage rate increase. So those people that got a little bump in pay (The lowest paid salary employees) everyone gets a 7.5 percent increase in pay.
- Mr. Shaw said he would go back to the table and get a quote from CIGNA and would do the math on the FSA.

Adjournment

Commissioner Lovett made a motion to adjourn the Special Called meeting at approximately 12:19 p.m. Commissioner Thrash seconded the motion. The motion passed unanimously.

THE LAMAR COUNTY BOARD OF COMMISSIONERS

Ryran Traylor, Chairman

Ashley Gilles, Vice-Chair

Jarrod Fletcher, Commissioner

Jason Lovett, Commissioner

Nancy Thrash, Commissioner

Attest: _____ Carlette Davidson, County Clerk