

**Village of Barrington Hills**  
**Minutes of Insurance Committee meeting of November 15, 2013**

Chairman Harrington called the meeting to order at 8:00 a.m. Roll Call.

Members Present

Mike Harrington, Chairman

Fritz Gohl

President Marty McLaughlin (ex-officio)-arrived at 8:04 a.m.

Other Attendees

Amy Nelson, Lundstrom Insurance-left at 8:24 a.m.

Rosemary Ryba, Village Treasurer

Craig Flynn, Lundstrom Insurance

Boomer Whipple, Lundstrom Insurance-left at 8:24 a.m.

Michael Murphy, Chief of Police

Robert Kositin, Director of Administration

Guests

Brett Aprati, Interactive Health

Alice Runvik, Assistant to Chief of Police

MINUTES

Reviewed minutes from October 22, 2013 Insurance Meeting. Motioned and moved by Fritz Gohl for approval, Mike Harrington seconded. All said aye, minutes approved.

LUNDSTROM INSURANCE – HEALTH/DENTAL RECOMMENDATION

Chairman Harrington asked if the Property/Casualty could be addressed first. Craig Flynn provided to the Committee the worker's compensation comparison and resulting increase to premiums due to salary increases for patrol officers at 10.2%. A request for the clerical classification was made as the 8.2% increase was higher than anticipated payroll increase estimate. Craig explained that they did not have a final quote but anticipate the increases to be between 8% and 10% on all other premiums. For budgetary purposes, the latter will be entered for 2014 to be sure it is not under-budgeted.

Boomer Whipple overviewed President Obama's speech on November 11, 2013. He explained that the President admitted that the government was not fully prepared for the ACA (Affordable Care Act) and the backlash of cancelled policies was apologized for.

Boomer then explained that the final quotes from Blue Cross Blue Shield came in lower than the competitor rates. He then explained the differences in deductible amounts from the current plan. The year to date exposure through October was \$113,600 and

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would be about \$188,800 on top of the premium by year end. If Option 2 (BCBS PPO Gold G513PPO) was used, the decrease in premium would be 20% and if keeping the current plan and delay the ACA changes, there would be an increase of 4.53% and beginning on January 1, 2014, an additional 3% re-insurance/insurance fee would be added to the premium. The significant savings the Village would realize if it moves to a January 1<sup>st</sup> renewal with the ACA changes is desirable.

Chairman Harrington stated that the early renewal would not be desirable since the ACA changes are not avoidable and the savings are so significant on the January 1 renewal. He stated cost sharing for the Village is not competitive with other places of employment and having an obligation to retain good employees and also be responsible to the taxpayers is important. President McLaughlin stated the best remedy is to have the non-union employees start to make a contribution to their premiums. Since the negotiations have settled with the union, the next contract will be up for discussion in 2014.

He then asked for a breakdown of premiums/cost analysis if the plans could be separated by union vs. non-union. Contributions are going to be required but unsure of when it will be implemented due to the next round of contract negotiations. Robert Kosin suggested a 1<sup>st</sup> Quarter Insurance Committee Meeting in 2014.

Chairman Harrington focused on the BCBS Option 2 since the maximum out of pocket would be lower than the other options.

The dental rates provided relief from original quote, which needs to include pediatric dental. Rates are quoted at 3.98% increase without the pediatric dental vs. 10.12% increase with pediatric dental. For budgetary purposes, the pediatric dental inclusion should be considered.

The recommendation is to go with Option 2 (BCBS PPO Gold-G513PPO) for the health insurance plan. The contributions by non-union employees to commence January 1, 2014 at 5% and to add \$250 single/\$500 family to the back end of deductible. There will be an additional 5% to commence 1/1/15, 1/1/16 another 5% (total of 15%) of the premium to be paid by employees. This will realize a 20% savings on premiums. Chairman Harrington motioned, seconded by Fritz Gohl. All said aye.

#### Interactive Health – Wellness Program

Brett Aprati presented the Committee with wellness strategies for the Village. His company was founded in 1992. He detailed the increased requests for wellness programs from companies of all sizes. They have created a comprehensive program where employees can monitor and manage their health. The company provides different tests to manage health of employees. Interactive Health coordinates an event where a questionnaire is completed with a full blood panel, where they look for a wide

range of health conditions. The services cost \$180 per participant annually. A claims study showed impact on plans which had this type of program showing a 50% decrease in claims on a three year period. Fritz Gohl asked Brett what the utilization of the program was. There was a 40% - 50% participation rate without incentives and Brett stated if there were premium incentives, it would be increased to about 80% participation.

Fritz Gohl suggested holding a meeting in May, 2014 to see the status of employee sensitivity to the contribution. If implemented with the wellness program, the percentage of their contribution would decrease if they met their health goals as an incentive.

#### PROPERTY/CASUALTY – RECOMMENDATION

The property/casualty increase of 10% was motioned by Chairman Harrington seconded by Fritz Gohl. All said aye.

Further consideration of a wellness program is to be brought to the Committee by the spring 2014 Insurance Meeting.

There being no public comment and no further business, Fritz Gohl motioned to adjourn and seconded by President McLaughlin at 11:13 a.m. All said aye.

Rosemary Ryba  
Recording Secretary