

November 15, 2012

Insurance Committee Meeting

Present: Hammond, Lecy-Luebke, Heissner, Treuden, Roth, Hartje, Mosher, Havlik, Hanson, Gard, Parsons, Rossmiller, Calley, Otto

Minutes taken by Jolene Hammond

Al Jaeger began the meeting at 5:00 pm in the District Board and Training Room.

Mr. Jaeger began the meeting by presenting some sample vision statements for the group to look at. He suggested that we look at the samples and see if we could come up with a statement as a group that could be presented to the board.

Mr. Roth asked the group what each person is hoping to get from this committee. He mentioned that he knows that health care costs are rising and he hopes that this group helps to make decisions that positively impact our budget. Doreen Treuden stated that she is hoping that we are educating more people about our healthcare plans and options. Mrs. Havlik stated that she joined the committee so that she could better inform her staff. She also mentioned that she is looking at this from a personal and family perspective too. Mrs. Heissner shared that she is very drawn to the idea of wellness and improving people's health overall. Mr. Hartje stated that he is here because he wants to be proactive in keeping health insurance costs down. Mrs. Parson's shared that she once worked in a position that centered around insurance, but has now been removed from this world for 10 years. She is hoping that this committee will educate her about all of the upcoming changes to health care and insurance.

The first item on the agenda for today was to talk about our current dental plan. Mr. Jaeger presented the group with a handout that had an overview of our Delta Dental plan. Many of our services are all covered at 100% with a \$2,000 annual maximum. The district's current annual cost for dental coverage is \$383,031.84. Mr. Jaeger then presented the group with a Funding Analysis Report. This report shows that during many months, Delta is collecting more in premium from the district than they are paying out in claims. It is Mr. Jaeger's opinion that dental insurance could easily be self-funded. He feels that the district could save 5-7% by self-funding. The plan would be administered by the business office, but we could still have the save Delta card and providers.

Mrs. Lecy-Luebke inquired whether this change might cause the District Office to hire more staff to manage the insurance and therefore might result in no savings. Mr. Jaeger stated that the additional administrative time and cost should be minimal. Mrs. Treuden clarified that any reserves that were gained by going self-funded cannot be used for anything else like hiring staff or buying materials. That money could only be used for future dental coverage.

The second item on the agenda was to talk about our WEA Long Term Disability Policy. Mr. Jaeger presented a handout that showed that employees are eligible for 90% of their current salary up to \$10,500 per month. Mr. Jaeger suggested that one way to save money as a district on Long Term Disability is to change your benefit to 65% payout because then the disability payout would not be taxed and the premium savings would be substantial. Mrs. Hammond clarified that it may not be a wash for the payout on the employee side depending on what tax bracket an employee is currently in. Mr. Jaeger did say that much more would need to be investigated as to how it would impact our employees before the switch would be made.

The third item on the agenda was to talk about our Life Insurance Policy. Mr. Jaeger said that from a cost savings perspective, it is not that crucial of a discussion. Mrs. Treuden stated that life insurance is currently voluntary because the employee pays 50% of that premium. She thinks that our participation is currently between 60 and 70 percent. Mr. Hartje inquired if there might be a possibility to educate employees on our Life Insurance Plan and its affordability. We currently don't have open enrollment after you were hired without proof of insurability. Mr. Jaeger stated that we might be able to look at requesting an open enrollment period.

The fourth item of discussion was HSA, HRA, and FSAs. Mr. Jaeger again provided a handout that outlined all three topics. Mr. Jaeger presented a detailed comparison of the HSA and HRA. There are many differences between the two options, but it was pointed out that neither are subject to income taxes. One positive side to the HSA is that it can move with the employee where the HRA cannot. One positive side to the HRA is that there is no minimum deductible. The HSA has a \$2,500 minimum family deductible, which will be a major plan switch for our employees. This would mean that things like office visits and prescriptions would be paid rather than the current co-pay that we are used to. Mr. Jaeger also talked about the possibility of a retirement benefit that would pay a certain amount of dollars into an HRA. This amount would be in place of the current arrangement where a retired employee gets 4 years of health insurance covered at 92%.

Our next meeting will focus on creating a staff survey as well as creating a vision for our committee going forward.

The meeting was adjourned at 6:30 p.m.

The next meeting will be Thursday, December 13.