

Commissioner Minutes

December 18, 2024 – 10:32 a.m. to 11:20 a.m.

MEETING WITH HEALTH BOARD TRUSTEES AND BROKER

Commissioners Leslie Van Beek, Brad Holton and Zach Brooks

Deputy P.A. Trent McRae

Deputy P.A. Zach Wesley

Clerk Rick Hogaboam

Controller Kyle Wilmot

Auditing Supervisor Sarah Winslow

Sr. Systems Analyst Steve Onofrei

HR Director Marty Danner

Health Board Trustees Martin Flores, Yvonne Baker, Jennifer Watters, Jennifer Loutzenhiser, Mark Tolman

CCSO PIO Joe Decker

Director of Constituent Services Aaron Williams

COO Greg Rast

Joe Cox

Scott Howell and Cindy Tealey with Gallagher Benefit Services

Assessor Brian Stender

Deputy Clerk Jenen Ross_____

MEETING WITH HEALTH BOARD TRUSTEES AND BROKER

The Board met today at 10:32 a.m. with the Health Board Trustees and Broker. Present were: Commissioners Leslie Van Beek, Brad Holton and Zach Brooks, Deputy P.A. Trent McRae, Deputy P.A. Zach Wesley (arrived at 11:00 a.m.), Clerk Rick Hogaboam, Controller Kyle Wilmot, Auditing Supervisor Sarah Winslow, Sr. Systems Analyst Steve Onofrei, HR Director Marty Danner, Health Board Trustees Martin Flores, Yvonne Baker, Jennifer Watters, Jennifer Loutzenhiser and Mark Tolman, CCSO PIO Joe Decker, Director of Constituent Services Aaron Williams, COO Greg Rast, Joe Cox, Scott Howell and Cindy Tealey with Gallagher Benefit Services, Assessor Brian Stender (arrived at 10:42 a.m.), and Deputy Clerk Jenen Ross.

Mr. Flores explained it's been about four months since the last time he was before the Board to discuss the financial position of the Health Trust and options moving forward. At that time, he brought to the Board's attention that there were some funding issues identified that needed to be monitored. At this time, the trust remains solvent but the downward trend noted at that time has grown a little faster than anticipated. A lot has changed since that time, including the on-boarding of Gallagher Benefit Services. In a collaborative effort between the Health Trust, Gallagher, the Board and the Auditing department there needs to be a look the financial impacts to the county and potentially individual employees; and how it can be structured to be the least impactful.

It was noted that the reports provided today are simply a snapshot in time and are always in flux; Mr. Flores explained that there are still some variables, the stop loss reimbursement has not yet been fully actualized and the I&R (incurred but not reported) is pretty significant.

Mr. Howell provided a brief synopsis stating that the county operates a self-insured health plan to benefit the employees of the county and their families which is funded through a trust. At the end of fiscal year 2021 the trust ended with a balance of just over \$7M, each of the next 3 years ran at a deficit - FY2022 had a \$900,000 deficit, FY2023 had just over a \$1M deficit and FY2024 is over a \$2M deficit. Based on the latest financial statement provided by the trust shows ending assets of \$2,078,202 – subtracting the liability lines for the HRA and the IBNR (incurred but not reported) claims leave an ending net balance of \$1,334,043. Reviewing the past couple years of claims, the actuary and underwriting team made a projection of what to expect in FY25 and compared with the current expected revenue, the projection is that it would run at a deficit again which would take the trust into a negative balance of \$1,317,641.44 if nothing changes on the revenue side by the end of FY25. With this information, Gallagher's recommendation is to increase the funding rate. Currently the county contributes \$970 per employee for medical and \$83 per employee for dental, their recommendation is to increase that monthly funding amount to \$1256 for medical; they don't see a need to increase the dental funding rate. In addition, because the trust has been running at a deficit the past 3 years, the baseline balance of the trust is low. Mr. Howell said that if the county were subject to Department of Insurance regulations for self-insured plans the health trust would need to maintain a surplus balance of \$3.4M to \$4.2M in order to ensure there is adequate reserves for worst-case scenario. Although the county is not subject to these regulations, Gallagher feels it is best-practice to follow those guidelines pretty closely – with that, they are recommending a one-time infusion into the trust to bring the balance up to the \$3.2M to \$3.5M range. As far as decreasing expenditures there will be a consideration for plan design changes, alternate networks and/or new plan administrators for all lines of coverage with a focus on medical and pharmacy.

In response to a question from Commissioner Van Beek, Mr. Howell said that the increased funding for 2025 assumes no benefit changes for the next year. And as potential changes for future years they will work to ensure that the benefits being offered remain competitive, especially with other government employers in the area and that service levels are also maintained.

Mr. Howell noted that between FY24 and FY25 there is nearly a 10% decrease in the number of employees enrolled due to the Public Defender's department becoming part of the State.

Mr. Rast asked about the stop-loss numbers which were addressed by Mr. Flores. Going into FY25 it is hard to predict what that will look like. Based on trends over the previous 5 years, it's been as low as \$145K, but averages around \$800K in stop-loss reimbursement which is very beneficial in reimbursing the health trust but it affects the medical premiums. He noted that 2017 was the last time the amount contributed by the county and employees was adjusted.

Director Danner feels that in 30-days they'll have a clearer picture but expects the 2024 plan to roll out thru March, IBNR can be reported thru the end of March. She feels that 30-days would provide a good indicator for the health board to come back now that the BOCC has all the numbers in front of them to evaluate and for everyone to maybe come back with a solution and how to manage the plan moving forward.

Mr. Howell said that not having an increase in contributions since 2017 is pretty remarkable as medical costs inflate at a rate of 8-10% a year, every year.

Mr. Rast feels that a plan needs to be worked on to approach the funding and phase it in instead of doing one big infusion because he doesn't think it can be done although he will leave that to the Clerk and Controller to provide that information.

Director Danner said that at this time the county is locked into the current plan for calendar year 2025 but for calendar year 2026 there are plans to change up benefits offered to the county and possibly move away from Gem Plan and BCI. They don't know what that looks like yet but they do know what calendar 2025 looks like.

Clerk Hogaboam thinks the infusion to keep fund balance at the minimum is a non-negotiable from a best-practices standpoint to ensure solvency of the fund balance in relation to potential claims. His recommendation, in a preliminary fashion, would be to try to fund that proportionally by the FTE count relative to the funds across the county. The bigger question is the on-going/recurring needs; the total amount is about \$3400 per employee. The recurring ask as part of the on-going budget capacity will be impactful to next year's budget. Clerk Hogaboam expressed his concern in the messaging to employees regarding the potential increase employees may need to contribute. Clerk Hogaboam would like to see an allocation schedule based on employee count relative to the fund and then do a budget amendment.

Commissioner Brooks' opinion is that option 1 (no change to employee contribution) is not an option and that the challenge will be figuring out what option 2 will really look like. Commissioner Van Beek said everyone has to contribute to funding a good plan.

Mr. Howell explained the current contributions are extremely competitive among employers in general and even among government employers, option 2 is still a very competitive offering. He suggested possible funding could be calculated based on FTEs vs. enrolled which would leave some cushion.

Mr. Rast would like to evaluate savings in the 'A' budget and use that to keep the fund rolling until the shared proportion between the employee and the county is determined based on the recommendation of the new plans being negotiated. He would like to see it phased-in in order to evaluate the savings and then go into a plan. It's a two-phased approach.

At this time there seems to be pretty high utilization of the 'A' budget across the county and Clerk Hogaboam expressed his thoughts on how this could be more impactful to smaller departments/Offices. He suggested that going forward, at the end of the fiscal year when there is savings in the budget that some of those monies be transferred into the health trust.

Commissioner Holton is uncomfortable with the discussion regarding use of the 'A' budget to fund the shortfall. He said that this Board has become focused on that not being used as a slush fund. He feels that budgeting of the 'A' budget is a lot tighter and is concerned that any savings in this budget is being earmarked for multiple expenses. The other thing that bothers him is that the 2026 budget is going to be tight and he doesn't know how the Board is going to keep and maintain what's already going although they are going to do their best to make fair decisions.

The Board would like another meeting to be scheduled in January for further discussion.

Commissioner Van Beek motioned to adjourn the meeting. The motion was seconded by Commissioner Brooks and carried unanimously.

The meeting concluded at 11:20 a.m. and an audio recording is on file in the Commissioners' Office.

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