

## MINUTES

### Sanbornton Health Insurance Study Committee (HISC)

**Meeting Date and Time:** Thursday, May 23, 2019 at 2:00 PM

**Meeting Place:** Meeting Room, Sanbornton Town Offices

Chairman Dick called the meeting to order at 2:04 PM

#### **Roll Call**

Regular Members present: Paul Dexter (Employee Rep), Julie Lonergan (Employee Rep), Ray Masse (Citizen Rep), Jim Dick (Citizen Rep)

Regular Members absent: Tom Salatiello (Selectmen's Rep), Budget Committee Rep

(Note: The Budget Committee in regular meeting appointed Craig Weissman as the representative to the Committee. He subsequently sent an email to the Board of Selectmen stating that he would not serve on the Committee. To date, the Budget Committee has not met to appoint an alternate representative. The Budget Committee position remains open until they select a member to participate.)

**Others present at the meeting:** None

#### **New Business**

- a. The draft minutes from the previous meeting were reviewed. Julie Lonergan made a motion to accept the minutes, seconded by Paul Dexter. There was no discussion. The motion passed unanimously.
- b. The Committee discussed their review of the budget and insurance coverage information that had been provided at the first meeting. Several members had put the budget numbers into spreadsheets and the large jump in cost beginning with the 2017 coverage year was obvious. Again it was noted that it is difficult to make a one-for-one correlation between the Town's budget amounts and the insurance costs because of the difference between the plan's calendar year coverage and the Town's fiscal year (Jul-Jun). The Committee reviewed the circumstances for the 2018 coverage year that led to the Board of Selectmen (BoS) extending the Health Reimbursement Arrangement (HRA) to cover all out-of-pocket expenses. A review of insurance coverage history showed that the Town had decided to switch from the Harvard Pilgrim plan to Tufts for CY2018. After the enrollment began, NEEBCo informed the Town that Tufts would not cover the retiree who is on the plan, so the only option was to go back to Harvard Pilgrim. That renewal included significant increases in the deductible and copays, so the BoS voted to use the HRA to reimburse those expenses to avoid an unnecessary hardship on the employees.
- c. Tom Salatiello (Selectmen's Rep) arrived at 2:12 PM.
- d. The Committee continued discussing the budget numbers. Chair Dick pointed out that for Town FY 15-18, the actual amount spent on the HRA portion of the health coverage only averaged 53% of the budgeted amount - but it has continued to increase each year. Ray Masse pointed out that those percentages could change dramatically just with changes in employees - for example, losing a single employee but gaining an employees with family coverage. Julie Lonergan asked how many employees opt out of the insurance plan and take the payment in lieu of coverage (currently \$4500). The question was posed to TA Ambrose, and she said that currently there are three employees who opt out of the coverage. That is an increase from the

single employee who had been taking it previously. The payment amount was increased from \$1000 to \$4500 for FY18 and the incentive appeared to have worked. Three employees opting out of the coverage saves the Town money compared to paying for health care.

- e. The Committee discussed the impact that paying 100% of health care costs has on participation rate. Julie Lonergan pointed out that the Town has traditionally selected high deductible plans that have lower premiums, but that many employees have said that they would rather have better coverage, even if it mean some higher out-of-pocket expenses.
- f. Ray Masse asked if there was a reason the Town selected an HRA rather than a Health Savings Account (HSA). He noted that an HSA is a better benefit for the employee, since it never expires and any employee deductions are pre-tax, resulting in lower taxable income. Julie Lonergan noted that would be a good question to discuss with the representative from NEEBCo, the insurance broker.
- g. Julie Lonergan pointed out that more employee education was needed to help them understand their health care choices. She used the example of the SaveOn website offered by Harvard Pilgrim to help find the lowest cost service. If employees use the recommended source, they may be eligible for a cash rebate from the insurance company - and it saves the Town money on out-of-pocket expenses. She recommended also talking with the NEEBCo representative to review the history of insurance coverage (since NEEBCo became the Town's broker in 2014), and to discuss the options available to the Town with respect to coverage plans, cost sharing, HRA, and HSA options.
- h. Paul Dexter noted that not all out-of-pocket expenses counted toward the plan's deductible limit. He used his personal example - his account shows progress toward the out-of-pocket cap but nothing reflected in the deductible category. He doesn't feel that the Harvard Pilgrim portal is very useful for helping employees to manage their own health care expenses.
- i. The discussion returned to the budget trends over the past few years. Jim Dick noted that while the HRA budget is traditionally underspent by almost 50%, the total health care budget (premiums + HRA) runs more in the 80-90% range for actual expenditures versus budget. Historically, the cost for insurance premiums has run 114% of the budgeted amount, while HRA underran. Paul Dexter offered that part of that is due to the disconnect between fiscal year and coverage year, with the premiums for half the budget period having to be estimated. Julie Lonergan pointed out that the rate increase between the 2018 and 2019 plans was 7.6% increase - and that changing the mix of single employees and married can have a significant impact on the cost of premiums during a year.
- j. At 3:05 PM, Paul Dexter had to leave the meeting for an emergency call.
- k. Ray Masse provided some industry data that shows averages of different insurance options across various demographics. The data shows the reported averages for the Northeast, and nationwide data for County Government, City Government, and School Boards. The data comes from a national database and is not specific to New Hampshire or towns the size of Sanbornton - but it provides some interesting insights into insurance trends in terms of the types of plans offered, typical employee participation, and overall cost. One interesting data point was that in the Northeast, only 12% of employers offer an HRA, and only 10% of eligible employees participate.
- l. The Committee agreed that it would be useful to have a representative from NEEBCo come in to discuss the history of insurance coverage, insurance options, and to talk about employee education about using the plans. Chair Dick will work with TA Ambrose to arrange a discussion, preferably at the Committee's next meeting.
- m. The next meeting was tentatively scheduled for Thursday, May 30 at 2:00 PM - pending availability of a NEEBCo rep.

A motion was made by Ray Masse to adjourn the meeting, seconded by Jim Dick. Motion passed unanimously.

**Meeting adjourned at 3:31 pm.**

Respectfully submitted,  
Jim Dick