

BEFORE THE BOARD OF COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

WORK SESSION

March 11, 2008

The Columbia County Board of Commissioners met in scheduled session with Commissioner Anthony Hyde, Commissioner Joe Corsiglia and Commissioner Rita Bernhard, together with Spencer Parsons, Assistant County Counsel and Jan Greenhalgh, Board Secretary.

Commissioner Hyde called the meeting to order.

REPORT ON PROCESS USED TO EVALUATE INSURANCE CARRIERS:

Jean Ripa, Human Resources, came before the Board along with members of the Health Benefits Committee, Stan Mendenhall, Cherie Moylan, Allan King, Sue Poling, Cynthia Zemaitis and Andrea Jurkiewicz. They are here today to inform the Board of the process used to evaluate insurance carriers for the County's health care services.

The Committee's recommendation regarding health insurance carriers and plans for coming plan years was based on an in-depth analysis of and research into the available market to the County as well as on the results of the survey distributed to employees, which gave the Committee clear guidance on what was important to a majority of our employees. The survey results are attached to her memo to the Board. Over half of the employees who received the survey responded, which is an excellent response rate. It was clear to the Committee that, overall, most employees were happy with our current plans. Most employees feel they receive both good coverage and good care under our current plans. The vast majority of employees had no wish to change plans, especially if that meant having to pay for premiums out of pocket. The results of the survey also identified some areas of concerns with our plans and the Committee's proposal includes arranging for Kaiser representatives to come onsite and provide group presentations to address those concerns, as well as for individual questions and answers.

With this guidance, the Committee then researched the carriers who offer plans in this area and developed the following list of carriers as possible providers: Blue Cross (through City/County Insurance Services); HealthNet; Lifewise; ODS; PacifiCare; PacificSource; and Providence.

Contact was made with all seven potential carriers. Only Blue Cross/CCIS and HealthNet provided quotes. The other carriers, except Providence, all declined to provide a quote for various reasons, either because they felt they could not quote us competitively compared to our current plans/rates or because they were not interested in our business. When we went through a very formal RFP process

over four years ago, we also received quotes from only two carriers. The County's size (employee base) and location makes us an uninteresting client for most carriers. Further, the rates we currently receive through Kaiser are so competitive in the current market, that most other carriers cannot give us lower rates for similar plans.

Providence was only willing to quote us if we worked through an insurance agent of record, which typically adds 2-3% to the premium cost. This would have added approximately \$40,000-\$60,000 to our annual insurance costs, without providing any benefit to the County. Providence also does not have a presence in Longview. The survey results clearly indicated that being able to seek medical services in the Longview area is important to a majority of our employees.

We did request that Providence provide us with a quote regardless, but they refused to do so unless we located and contracted with an insurance agent of record. They never replied to follow up requests for names of agents with whom they would work. Therefore, Providence was not considered a viable carrier for the County.

HealthNet did provide quotes on its available plans. Unfortunately, it was clear that the plans offered at lower premiums simply transferred the cost of the premiums into increased out of pocket costs for employees. When analyzing the plan nearest in benefits to what we currently offer through Added Choice, the County could have seen annual savings in premiums of up to \$156,957. However, the annual increased costs to employees under that plan would have been over \$240,000.

CCIS provides rates for all its available Blue Cross medical plans to member Counties and Cities. When analyzing the plan nearest in benefits to what we currently offer, the County could have seen annual premium savings of up to \$15,516. However, the annual increased costs to employees under that plan would have been almost \$50,000.

While CCIS offers a good option for many counties/cities, it does so by implementing rigid rules regarding the plans, which are meant to protect the Pool's interests, not meant to be in the interest of individual clients. One of the reasons we left CCIS for other medical coverage four years ago was because these rules were too restrictive for the County.

During its analysis, the Committee also considered the cost to the County of switching plans. There is a great deal of time involved administratively as well as a great deal of confusion, frustration and angst from employees as they are forced to learn new plans.

The Committee's goal has always been to try to find ways to cut costs for the County but to keep good benefits for employees. Many employers have decided to cut their costs by simply transferring the increases in health insurance directly to employees.

That has created its own set of problems as employees drop coverage or do not utilize coverage (and thus miss early diagnosis) because of the out of pocket cost to them. A large social cost has developed due to this problem. The County has chosen, in years past, not to save money in this fashion.

Therefore, at the Committee's meeting on January 10, 2008, after many months of considering the alternatives, we decided by unanimous vote to reject the proposals from HealthNet and CCIS/Blue Cross.

Since our decision then must be to stay with Kaiser plans, we requested that Kaiser provide us with quotes on types of plans with differing deductible/co-pay levels. Unfortunately, and somewhat surprisingly, increasing deductibles and co-pays did not represent a significant savings to the County.

With the Added Choice plans, as an example, increasing the annual deductible per person from the current \$200 to \$500 would have saved the County an estimated \$31,000 each year. However, it would also have increased the annual out of pocket maximum for employees from \$3,600 to \$7,500 per year. That could have resulted in increased costs to employees of as much as \$240,000 per year. Once again, the savings to the County would have been far exceeded by the increase in costs to employees.

The same type of example occurs with the Kaiser HMO. Increasing the co-pay from the current \$5 to \$20 could have saved the County money but that savings would come directly out of the pocket of employees. The savings to the County was small enough that creativity with the VEBA (such as giving higher VEBA contributions to balance the higher co-pay) would have eliminated the savings. Further, given that the Added Choice plan is the higher cost plan to the County, by far, the Committee felt there would be an inequity in expecting employees who chose the lower cost HMO plan to pay more out of pocket when those employees are already making the best choice in relation to the County's financial concerns. Commissioner Corsiglia commented that he is looking forward to meeting with representatives from Kaiser.

This is the process which the Committee underwent in developing its recommendation for health insurance coverage for the coming years.

RECOMMENDATION FOR 2008-2012:

After a lot of research and discussion, the Health Benefits Committee makes a recommendation to the Board to continue the county's current health care program

through Kaiser Added Choice and noted that she will also be taking this to the unions.

LISA POMASL: CHANNEL COALITION DEPENDING UPDATE:

Lisa Pomasl, Deputy Director, Columbia River Channel Coalition, came before the Board to give a brief update on the Columbia River Channel Deepening Project. The Army Corps of Engineers began deepening the Columbia River navigation channel from 40 to 43 feet in June 2005. By the summer of 2008, the Corps will have deepened about two thirds of the navigation channel. This deepening project is economically vital to our region and on a national scale. Lisa noted that there are always funding issues and they are currently under funded. The Channel Coalition would appreciate any contact this Board may have with their congressional leaders on funding this project.

EXECUTIVE SESSION UNDER ORS 192.660(2)(d):

The Board recessed the regular session to go into Executive Session as allowed under ORS 192.660(2)(d). Upon coming out of Executive Session, no action was taken by the Board.

MEETING WITH THE CITY OF VERNONIA COUNCIL:

Commissioner Hyde received an e-mail from Jim Tierney requesting the Commissioners attend the next City of Vernonia Council meeting on March 17th at 7:30 pm. Commissioner Hyde explained that Bill Haack, Dan Brown and Jim have been working to develop a presentation that will describe possible strategies for the next two years of flood relief. This involves coordination of applications and strategies between the county and the city. Jim feels it would be beneficial to have all the players together to review and discuss the plan. After some discussion, there was a consensus of the Board to attend.

UPDATE ON VERNONIA MUSEUM:

Commissioner Corsiglia spoke with John Knight about turning over the lease on the Vernonia Museum to the City of Vernonia. This may not be the best time to do that, considering the condition of the building. Commissioner Corsiglia felt it may be better if the city approached the county on this, rather than the county offering it up. Commissioner Hyde suggested Commissioner Corsiglia bring this up at the March 17th council meeting in Vernonia.

With nothing further coming before the Board, the meeting was adjourned.

Dated at St. Helens, Oregon this 11th day of March, 2008.

NOTE: A tape of this meeting is available for purchase by the public or interested parties.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____

Anthony Hyde, Chair

By: _____

Joe Corsiglia, Commissioner

Board Secretary:

By _____

Rita Bernhard, Commissioner

By: _____

Jan Greenhalgh