

**LAKE BLUFF PARK DISTRICT
FINANCE, ADMINISTRATION AND FUTURE PLANNING COMMITTEE
MINUTES OF SPECIAL COMMITTEE MEETING
JULY 17, 2015**

The Special Finance, Administration and Future Planning Committee Meeting of the Lake Bluff Park District, Lake County, Illinois, was held at the Recreation Center, 355 W. Washington Avenue, Lake Bluff, Illinois.

The meeting was called to order at 11:00 a.m. by Commissioner B. Gordon

The following Commissioners were present when the roll was called: B. Wallace and B. Gordon.

Staff members present were: Ron Salski, Executive Director and Sarah Bagley, Human Resources Manager.

Approval of Agenda

Commissioner Wallace moved, seconded by Commissioner Gordon to approve the July 15, 2015 Agenda. The motion carried by unanimous voice vote.

Statement of Visitors – None

MINUTES

Approve Minutes of August 27, 2014 Finance, Administration and Future Planning Committee

Commissioner Wallace moved, seconded by Commissioner Gordon to approve the August 27, 2014 Minutes. The motion carried by unanimous voice vote.

ITEMS FOR DISCUSSION / ACTION

Medical/Health Insurance Update – Discussion

Manager Bagley presented that the Board directed staff following last year's insurance renewal to seek alternatives and potential cost savings to our existing health insurance plan. Those options are detailed below.

Initially, staff looked at joining a larger pool through our risk management company, PDRMA. Staff met with PDRMA and looked at their plans. Manager Bagley mentioned they offer a choice of a variety of plans. The plans are standard PPO plans with varying deductible levels and an HMO plan. These plans are less costly to our employees with their usage, however the premium rates are on average 29% higher than our plan. The family rate (which is the most commonly selected plan) is 19% higher than the existing family plan. It is a larger pool than the existing pool, so ideally the risk is spread out more amongst its users and would experience less dramatic increases. On the other hand, ACA has mandated a ceiling on increases for all insurance companies.

Manager Bagley stated she looked at the Park District joining a private broker. His plan design options that were close to the Park District's existing plan would cost the Park District an additional 10%. It would also be a plan that is not as advantageous to employees.

Manager Bagley mentioned that with the above two options, the Park District would have to go through underwriting with the new brokerage firms. Their estimates are approximations and could be affected by the Park District's current usage of our health insurance.

Manager Bagley stated staff looked at various survey results the Park District has received in the last year as well as the impacts for the ACA to the Park District. Manager Bagley shared the survey and ACA results.

Manager Bagley outlined various options for the committee to consider which would reduce overall costs for the Park District.

- 1) Introduce an incentive plan
- 2) Increase contribution rates of employees
- 3) Increase contribution rates for all dependents
- 4) Increase contribution rates for all dependents who cannot get coverage else where
- 5) Pull out dental and vision insurances and have higher contribution rates for these plans

Staff considered the above options as well. Staff recommended increasing dependent contributions and potentially employee contributions. Staff also recommended pulling out at least the dental insurance from the health insurance premium. Our dental premiums range from \$34.13/month to \$114.05/month for family coverage.

Member Wallace asked questions about the incentive plan and agreed with looking at the vision and dental. Member Wallace was concerned about gradually increasing employee contribution rates only where spouses have access to insurance through his/her own employer.

Manager Bagley stated the changes would remain in effect for the following three years, assuming there are no drastic changes in the existing plan design.

1) Adjust Dental and Vision Structures

- Allow employees to elect dental insurance and vision insurance separate from the Health Insurance. Currently, if employees elect the health insurance, they are automatically enrolled in the dental PPO plan and vision insurances. The contribution rate is currently 22% of the premiums.
- Gradually increase employee contribution rates for dental and vision insurances to:
 - October 1, 2015 - 35%
 - September 1, 2016 - 70%
 - September 1, 2017 - 100%

2) Adjust Current Health Insurance Structure

- Gradually increase employee contribution rates only where spouses have access to insurance through his/her own employer. Those spouses that remain on the Park District's plan will be charged a surcharge going forward. The calculation for the surcharge would be calculated by subtracting the employee/spouse rate from the employee rate. Then a percentage of that difference would be charged to the employee as a surcharge should the spouse remain on the District's plan. The proposed surcharges are listed below for the next three years:
 - October 1, 2015 - 25% - For example, the surcharge calculation would be: $\$1,156.40 - \$550.02 = \$606.38 \times .25 = \151.60 (monthly surcharge)
 - September 1, 2016 - 30%
 - September 1, 2017 - 35%

Member Wallace asked questions about the surcharge plan and agreed with looking at the vision and dental. Member Wallace was concerned about gradually increasing employee contribution rates only where spouses have access to insurance through his/her own employer. Member Gordon concurred. Executive Director Salski stated that the surcharge plan was an opportunity to reduce expenses.

Executive Director Salski requested the Committee make a recommendation to the Board at the August Regular Board Meeting.

Commissioner Wallace moved, seconded by Commissioner Gordon, to establish a surcharge, increase staff's dental and vision contribution and evaluate in three years per staff's recommendation. The motion was carried unanimously by roll call.

On the roll call, the vote was as follows:

AYE: B. Wallace, B. Gordon

NAY: None

ABSTAIN: None

ABSENT: None

Motion carried.

ADJOURNMENT

There being no further business, motion was made by Commissioner Wallace, seconded by Gordon, to adjourn the meeting at 12:30 p.m. The motion carried by unanimous voice vote.

Approved this 28th day of June, 2016
Lake Bluff Park District