

TOWN OF FAYAL
4375 SHADY LANE, EVELETH, MN 55734

Heidi M. Coldagelli, Clerk/Treasurer

Anthony Tammaro, Chairman

Supervisors: Lee Branville, Dave Ochis, Richard Sather, Patrick Ziegler

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SPECIAL MEETING OF THE FAYAL TOWN BOARD

SEPTEMBER 17, 2018

The Special Meeting of the Fayal Town Board of Supervisors was called to order at 5:00 PM by Chairman Tammaro. Present were: Chairman Tammaro, Supervisor Branville, Supervisor Ochis, Supervisor Sather, Supervisor Ziegler and Clerk Coldagelli. Senior Wastewater Operator Dale Dickson and Utility Billing Clerk Diane Dickson were in the audience. Also present were Matt Steffens and Kat Donnelly from Experienced Insurance Advisors.

Health Insurance- Matt Steffens presented information regarding how Fayal's current insurance plan with HealthPartners compares to a new insurance plan. Overall objective was to create an apples to apples comparison that creates a win-win-win that meets the needs of the employees, residents and retirees. Current plan with HealthPartners has an individual \$3,500 deductible with 100% coverage after the deductible is met. With the information provided, \$68,690 is the current health insurance cost component, with an increase estimated at \$74,000 for 2019, but rates will not be released until 10/2. Current split is 95% employer paid and 5% employee paid. Additionally, provided are health savings accounts with \$3,500 for an individual, \$7,000 for a family and \$2,500 for the current retiree. Fayal is noncompliant with the IRS by exceeding the IRS threshold of \$3,450 for an individual and \$6,900 for a family. Excess funds are subject to a 6% excise tax. Also having a health savings account set up for a retiree is noncompliant. The retiree should be moved to a health reimbursement account, where excess funds flow back to the city.

The existing health insurance costs and contributions total \$92,000 and with increases could be about \$97,000. The proposed program is through the Minnesota Public Employees Insurance Program (PEIP). Also recommend a supplemental insurance program, HSA and HRA. The medical premium of this program is \$49,966, also recommend a supplemental program for \$7,400, continue HSA contributions of \$21,000 and a HRA contribution of \$2,500 for a total of \$81,000, a savings of \$16,800. The PEIP program became available to counties, cities and townships in the last two years. No requirements to seek bids as it is statutory. The employees can choose between three different networks, Blue Cross, HealthPartners and Preferred One. Rates are guaranteed for 12 months and the employer is required to commit to the program for two years. The proposed plan is a HSA high deductible plan of \$2,000 for individual and \$4,000 family. Out-of-pocket maximums are \$3,000 for individual and \$6,000 for family. The proposed plan is either a single rate or family rate and not based on age as the current plan does. The current rate without renewal adjustments would be \$508 individual and \$1,319 family, which is where the majority of the savings comes from.

The savings comes from changing the plan with employees designating primary care clinics and receiving referrals to doctor at other clinics. Primary clinics can be changed every thirty days. There is no referral needed for urgent care visits or emergency room visits. Doctors are assigned a cost level. Supervisor Ziegler asked about those that are already seeing specialists, which yes a referral would still be needed. The program is not an HMO, but is a self-insured, self-funded health program, but works similar. Every family member can choose a different clinic. Out-of-state doctoring would also require a referral. Employees Dale and Diane Dickson had concerns regarding the referral process. Co-pays do count towards out-of-pocket maximums. There is a co-insurance factor from deductible to out-of-pocket maximum. Could change HSA vendor to add the ability to monitor online. Diane Dickson added that she called Linda Erickson from the Eveleth-Gilbert Schools to ask their opinion regarding the program. Mrs. Erickson currently doesn't use the program, but when she had polled some of her coworkers, they felt it was difficult between the doctors and the clinics. Supervisor Ziegler added that the janitors and bus drivers using it up at the school like it. Much discussion regarding networks, providers and referrals. Current renewal with HealthPartners is January 1.

Motion to adjourn, made by Supervisor Branville, support from Supervisor Ochis. Motion carried unanimously.

Chairman Tammaro adjourned the Special Meeting at 6:03 PM.

Respectfully submitted,

Heidi M. Coldagelli

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Clerk/Treasurer Town of Fayal

Approved:

[Signature]

Chair

Date: 10.2.18

Attest:

Heidi M. Coldagelli

Clerk