

VILLAGE OF BROOKLYN HEIGHTS

MINUTES OF A MEETING WAGE AND SALARY COMMITTEE

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The **Wage & Salary Committee** meeting of the Council of the Village of Brooklyn Heights, Ohio was held on April 20, 2021 at 5:30 pm. with Councilman Blados presiding.

Present at roll call:

Councilmen:	Blados, Lahiff, Lasky, Presot & Walsh
Mayor:	Procuk
Clerk/Treasurer:	Frank
Community Ser. Dir:	Guilfoyle
GUESTS:	Ted Biskind,
Payroll Clerk	Snyder
Acct. Rec:	Bundus
Police FOP Rep:	Leahy
	Joanna's iPad

Mayor Procuk told council that the guest list may be limited because several of our police officers have been called to SWAT Team duty due to the verdict of police officer Derek Chauvin charged with killing George Floyd. They will be on hand as mutual aid in the event of any disturbances in Cleveland.

Mr. Blados turned the floor over to Mr. Biskind.

- **Option 1:** increases the annual deductible from \$3,000 to \$3,500. This would increase the potential exposure to the village by \$31,500 (\$189,000 vs. \$157,500) and generate a premium savings of \$36,799.
 - Three deductible plans: Single @ \$2,500, One dependent @ \$5,000 and two or more dependents @ \$7,500
- **Option 2:** increases the annual deductible from \$3,000 to \$4,000. This would increase the potential exposure to the village by \$63,000 (\$220,500 vs. \$157,500) and generate a premium savings of \$36,799.
- **Option 3:** involves switching to an HSA (Health Savings Account) with a \$3,000 annual deductible. This would reduce the potential exposure to the village by \$32,500 (\$125,000 vs. \$157,500) and generate a premium savings of \$105,912.
 - Maximum of two deductible plans
 - Mr. Blados asked if the employee contribution would change and Mr. Biskind said that would be up to the village. By making a change to Option #3 the village could save \$105,912 and it wouldn't change for the employee.
 - Mr. Lahiff asked what the village has paid over the last three years and what we are currently paying for the employees. Mr. Frank said he can get him the numbers but 2020 was the first year the employees paid a portion of their deductible.
- For both Option 3 and Option 4 an HSA prohibits by law, a co-pay prior to the deductible being met which means that the current co-pay for office visits, urgent care, emergency room or prescription drugs would go away and all eligible medical expenses would be applied to the deductible. This would save "out of pocket" costs to every employee because they wouldn't have to incur those co-pays even after they meet the \$500 that they are responsible for out of the \$3,000 overall deductible.
- Because the HAS accounts are prohibited from having co-pays, unlike now the employee would pay for the prescription up front and within two weeks Medical Mutual would reimburse them the cost of the prescription. The prescription expense will be credited to

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- the deductible which currently is not the case but it minimizes the amount the employee has to pay and reduce the cost to the village potentially by \$32,500 under this particular plan.
- **Option 4:** This option is the same as Option 3 except it would go from a \$3,000 deductible to a \$4,000 deductible. This would increase the potential exposure to the village by \$17,500 (\$175,000 vs. \$157,500) and generate a premium savings of \$154,523.
 - Again there is a two deductible maximum per family. All co-pays go towards the annual deductible and assuming the village maintains the same schedule we have now the employee has a \$500 cap and anything after that would be paid for by the village. With the two deductible maximum per family it minimizes that cost to the family.

In all four options the plan pays 100% after the annual deductible has been met when using network providers just like the current plan.

Mr. Lahiff asked why they were advised not to go with an HSA in the past. Mr. Biskind addressed the basis of contributions to and HSA vs. an HRA. The village would be funding all or a portion of the deductible by depositing into each HSA account. The alternative would be to go with an HRA where you are only reimbursing if a claim is incurred. By taking the HRA and putting it in the HSA we are lowering the premium but maintaining the same benefit structure that the employee sees of a \$500 deductible maintaining the \$2,500 maximum towards the \$3,000 overall deductible and going from three deductibles to two because that is how the plan is structured.

The employee would have no co-pays, everything goes toward the deductible and then meet the first \$500 and the prescriptions would be paid in full and reimbursed up to the \$3,000 (not \$500). The \$500 deductible limit will stay the same but if a person meets that amount and subsequently still has a prescription they will be reimbursed and once they hit the \$3,000 (not out of pocket) then that goes away and from that point forward they wouldn't have to worry about getting paid for a prescription or anything else because the co-insurance kicks in and everything is paid at 100% by Medical Mutual.

Mr. Lahiff said that the village is funding the difference between the employee \$500 portion and the \$3,000 deductible and Mr. Biskind said that is correct but once the \$3,000 is met everything is paid at 100% by Medical Mutual. He said it looks like a win-win for both the village and employees.

Val Snyder said that the deductible runs January 1 to December 31 and the new plan begins July 1. Will this affect the deductible and Mr. Biskind said no. Anything met year-to-date would be credited to the deductible.

Mr. Biskind said there are apps available on the market that have the ability to save money on prescription drugs. They are not insurance and there is no cost associated with them. It is purely a discount. He has researched this and sent some cards to Mr. Frank. It is called "Clever Rx". The employee would present the card to the pharmacy and the pharmacy would check to see if the cost is cheaper than what the co-pay would be. He said these would benefit the village immediately but he doesn't believe they would benefit the village with Option 3 or Option 4 because it is not insurance and would not be credited to the deductible. Under the current scenario or Option 1 or 2 where the employee is incurring a co-pay for their prescriptions this has the potential of reducing the out-of-pocket costs to the individual employee at the pharmacy. He said it does not work every single time but he has tested it personally and has saved money by simply presenting the information on the card. It's best to download the app and it will pop up and tell you at least a half dozen outlets and the co-pay for a particular prescription and you can compare.

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It is free and he recommends the village take advantage of it on the current structure but it is not worth it for Option 3 or 4.

Mr. Biskind said it is best to download the app because you typically get the best discount if it is downloaded and you use the numbers off the card.

Mayor Procuk asked, with our current plan, who pays the difference between the prescription and the co-pay and Mr. Biskind says that Medical Mutual covers the cost out of their pockets.

Mayor Procuk said that the worst case scenario on Option 4 is the employees now have a \$500 deductible to meet whether there is one, two or more dependents. The employees are paying 13% of the premium which the premium would be reduced, therefore their 13% participation would be reduced. If everybody hit their maximum which has never come close to happening, but we have a new potential exposure because of the prescription drug not being on a co-pay, the village could pay out \$175,000 and save \$154,000 so in the worst case scenario the village has a potential \$23,000 maximum.

In addition, currently the employees are paying the \$500 deductible which would continue (there would be one less deductible for those with more than two members on the plan) but they would no longer be paying \$20 office visits, \$150 ER visits, \$75 Urgent Care visits, etc.

Mr. Biskind said that with Option 3 or 4, eliminating the third deductible which affects thirteen of the twenty-nine employees you are eliminating \$2500 / \$3000 reducing the potential exposure by another \$32,500...

Mr. Biskind said that Option 3 is the most cost effective and that is why he is focusing on this option.

Mayor Procuk asked if employees can stay with the same network of doctors under these plans and Mr. Biskind said yes. Mayor Procuk asked what if they go out of network and was told the deductible would be double the in-network deductible.

To summarize:

- The same network other than prescription drugs the employees will not notice any significant change other than the potential savings they will realize from not having to pay co-pays once they meet the \$500.
- The village will realize in excess of \$100,000 in premium savings and if they go to Option 3 reduce their potential exposure by \$32,500.

Mr. Frank asked if after a year, could we explore other options or go back to where we were and Mr. Biskind said that at the present time we could.

Mr. Frank was asked what was spent over the last three years and he gave this breakdown:

- 2018.....\$52,580
- 2019.....\$70,548
- 2020.....\$26,525
- 2021.....\$12,243 thru March

Chris Leahy, BHPD and FOP Rep. said that in 2020 the PD agreed to the deductible in good faith that there would be better insurance in the coming years. He doesn't feel that the PD would agree to \$1,500 coming out of pocket when the village would be realizing a substantial savings. He feels they should reevaluate how much they will be contributing as well in correlation to what they will be saving as a whole.

Mr. Biskind said that if they went to Option 3 the \$1,500 is a limit of \$1,000.

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Mr. Leahy said that two years ago the deductible was zero and last year they agreed to the deductible and that if they agree to keep it the same or change, it should be revisited.

Mr. Lasky responded to Mr. Leahy that if the premium comes down, the employee pays a percentage and there is a discount there, one hundred percent of the prescriptions are paid, there are no more co-pays so they need to look in depth at the whole thing. The village has the potential of \$100,000 in savings but it's not set in stone. Look at the whole thing and not say the employees are not getting a deal. It's a win-win for both. Mr. Lasky said that he is looking out for the employees and the village as a whole.

Mr. Leahy said that many in the department felt that this was just a twelve month agreement so he knows the questions are going to come up and he will have to give them answers. Mr. Lasky said that council will answer any questions.

Mr. Lasky said that the village cannot sustain paying 100% of the deductibles or the healthcare costs for the employees. He said it was his impression that the police department stood up and said that they were willing to work with council that the village could not sustain this going forward and we do need to make changes.

Mayor Procuk asked if the other two brokers are on this call and Mr. Frank said they are not. He said they are in a holding pattern until the questionnaires are completed on April 30th.

Mayor Procuk said that the pricing will be the same no matter which broker we go with. We have Medical Mutual and the employees know who their doctors are in the network. Mr. Leahy agreed and said he was in favor of Option 3 but for the set price.

Mayor Procuk urged Mr. Leahy and any of the employees on this call to look at the major carriers to see if their doctors are served by those carriers.

Mr. Lasky asked Mr. Frank how many employees (percentage wise) have turned in their documentation and Mr. Frank said as of earlier today it was about 25%.

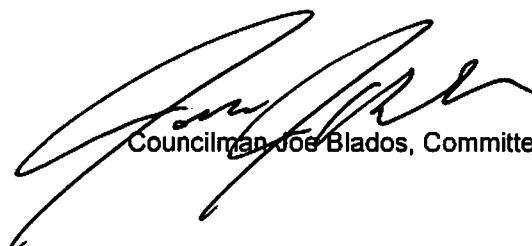
Mr. Biskind did say that, though he doubts there will be much variance in the networks going from Medical Mutual to Aetna, United Health Works etc., not all networks are the same.

Mayor Procuk asked if there is any way that council can see what the "form file" application looks like and Mr. Frank said he would look into it. Mrs. Bundus said she thought there was something on it that said download.

Mr. Biskind said that some of the carriers will only accept their own application and that makes it quite cumbersome.

Mayor Procuk said he had all his questions answered and asked if anyone has any other questions. He will encourage the employees to complete the application by April 30th.

Councilman Blados asked if there was any other business to discuss at the Wage & Salary Committee meeting. If there is no further business the meeting is adjourned



Councilman Joe Blados, Committee Chairman