



**Mount Joy Borough Council
Mount Joy Borough Authority
August 24, 2016, Joint Meeting Minutes**

Council President Glessner called the meeting to order at 6:00 PM.

Borough Council Roll Call- Present were Councilors Murray, Reese, Seidel, Smeltz, Youngerman, and President Glessner. Councilor Deering arrived at 6:02 PM. Mayor Bradley, Councilor Ginder and Councilor Millar were unable to attend.

Borough Authority Board Roll Call- Present were, Board Members Derr, Golicher and Hamm. Chairman Rebman and Board Member Metzler were unable to attend.

Also present were Borough Authority Manager, John Leaman; Borough Manager, Scott Hershey; Jon Ebersole, Benecon, the Borough and Borough Authority's Health Insurance Company; Borough Employee, Andrea Zell; Borough Authority Employees Joe Ardini, Angie Fenicle and Scott Kapcsos.

Glessner announced that item 9, Executive Session to discuss personnel matters would be deleted.

Borough Council- on a **MOTION** by Smeltz and second by Seidel Council approved the meeting agenda as revised. *Motion carries unanimously*

Public Input Period- Andrea Zell commented that the employees of the Borough and Borough Authority are assets and work hard. She stated that she has been an employee of the Borough for one year and did not realize what it takes to run a Borough. She stressed that the Borough has good employees and asked that in making decisions on health insurance coverage, the Council consider the effect on the lives of the employees. She asked that consideration be given to possible options and opportunities for the employees to address health insurance utilization.

Hershey thanked Jon Ebersole for attending to answer questions and provide information.

Discussion of Employee Health Insurance- Hershey provided a brief overview of the process thus far to potentially implement a High Deductible Health Savings Account (HDHSA). He noted that a memo provided to the Council and Authority Board prior to the May 25, 2016, joint meeting provided in-depth information on the proposed HDHSA configuration. That proposed configuration was put together based on previous guidance from the Borough Council Administration and Finance Committee. With that background information, Hershey indicated that staff was requesting that the Council and Authority Board make some decisions:

1. Based on the information provided in the Councilors' and Authority Board Members' packets and specifically the "Medical/Rx Plan Change Estimation" sheet dated 4/5/16, the Council and Board confirm that an HDHSA should be implemented.
2. If the answer to #1 was yes, will employee contributions continue?
 - a. If so, will they be deposited in the employee's HDHSA?
 - b. Previous guidance was yes to both questions.
3. If the answer to #1 above is yes- will there be a contribution by the Borough/Borough Authority to the employees' HDHSA?
 - a. Previous guidance was yes- fully funding the deductible the first year of implementation (2017) with the employer contribution reducing each year through 2020.
4. Utilization and costs would be reviewed and evaluated each year with decisions on employer contributions being made based on that information.

Hershey asked if additional information was needed. The Council and Authority Board asked that the high points of the May 25, 2016, memo be reviewed. Hershey and Leaman provided the information on the proposed HDHSA as follows:

- The current Health Reimbursement Account (HRA) would be discontinued.
- \$2,000/\$4,000 Deductibles through Highmark would continue with the employee being responsible for entire deductible. Eligible costs could to be covered from the HDHSA and the employee would pay the full negotiated cost for services and prescriptions up to the established deductible. (Negotiated cost means the cost negotiated with the provider by the insurance company.)

- Establish an 80/20 coinsurance for major medical expenses, i.e.: hospital/surgery costs
- Establish a \$3,000 Single/\$6,000 family max out of pocket, which could be done by instituting a \$1,000 single/\$2,000 family coinsurance limit.
- Establish a \$20.00 co-pay at time of service for “regular” Doctor visits. A schedule was proposed as follows:
 - \$20 time of service co-pay for Primary Care/Retail Clinic visits
 - \$40 time of service co-pay for Specialist Visits
 - \$50 time of service co-pay for Urgent Care Visits
 - \$100 time of service co-pay for Emergency Room visits.
 - It was noted that the time of service and prescription co-pays would continue even after the employee has met the maximum out of pocket co-insurance limit outlined previously. The maximum out of pocket on co-pays would be an additional \$1,000 single/\$1,000 family.
- Employee Contributions continue with the funds being deposited into the employees’ HDHSA’s.
- Borough/Borough Authority contribute to the HDHSA on a schedule which reduces the Borough/Borough Authority’s contribution each year. A proposed contribution schedule was presented. The schedule would use a combination of employee contributions and contributions from the Borough/Borough Authority to fully fund the employee deductible in year 1 (2017), with the Borough/Borough Authority’s contribution reducing to 75% of year 1’s contribution in year 2, to 67% of year 1’s contribution in year 3 and to 50% of year 1’s contribution in year 4. Each year, insurance utilization and costs would be monitored and that information used to make decisions about additional and future revisions to the Borough/Borough Authority contribution schedule.
- Consider the “donut hole” between Borough/Authority contribution to HDHSA and meeting the employees’ maximum out of pocket for major medical costs. The potential out of pocket expenses could be as much as \$3,700 for those with family coverage and as much as \$2,350 for those with single coverage in year 4 of the proposal. Note that these amounts were revised from the original May 25, 2016, memo.
- Impact on insurance costs- implementing the HDHSA with co-pays at time of service would produce an estimated 2.7% savings over current 2016 rates, but there would not be an overall savings through the plan as presented unless utilization and hence the actual insurance cost were reduced. Reduction in utilization would be one of the goals of implementing the HDHSA as presented.
- Establish an incentive for employees to not use Borough insurance. Current cost for single coverage is about \$10,000 per year. An incentive of \$3,000 or \$4,000 could be offered and the Borough/Borough Authority would realize substantial return on investment.
- Effective for all employees hired on or after January 1, 2017, implement a policy of no coverage of spouse if the spouse has other insurance coverage available.

There was lengthy discussion about the proposal. President Glessner asked the Councilors if they found the proposal acceptable. General consensus was yes. Councilor Youngerman asked the Authority Board members for their thoughts. The general consensus was yes, but that a decision at this time was not appropriate because the Board Chairman and a Board member were not present.

Glessner indicated that he would prefer to wait until the September 12, regular Council meeting to consider action.

There was further discussion. A **MOTION** was made by Murray to adopt the HDHSA per the proposal provided in the May 25, 2016, memo from Managers Hershey and Leaman. The motion was seconded by Seidel. Discussion followed with Seidel indicating that he would not support the motion and that he felt the Council should wait for the Authority Board’s decision on implementing the HDHSA. Murray asked if there should be further detail added to the motion. Hershey responded that unless there were changes from the original proposal, the motion should be fine. Further discussion followed. President Glessner called for the vote. *Motion carries with Glessner and Seidel voting no.*

The approved HDHSA proposal is as follows:

- Discontinue current HRA.
- The existing \$2,000 single/\$4,000 family coverage deductibles with Highmark would remain unchanged with the employee being responsible for the entire deductible
- Establish an 80/20 coinsurance for major medical expenses, i.e.: hospital/surgery costs. This would be accomplished by implementing 80/20 coinsurance beginning after the deductible is met.
- Establish \$3,000 single/\$6,000 maximum co-insurance out of pocket- accomplished by establishing a \$1,000 single/\$2,000 family co-insurance limit.
- Establish a co-pay at time of service schedule as follows:
 - \$20 time of service co-pay for Primary Care/Retail Clinic visits
 - \$40 time of service co-pay for Specialist Visits
 - \$50 time of service co-pay for Urgent Care Visits
 - \$100 time of service co-pay for Emergency Room visits.

- It was noted that these copays and prescription copays would continue until the total maximum out of pocket of \$4,000 single/\$7,000 family is met.
- Employee contributions would continue with the contributions being deposited into the employees' HDHSA.
- The Borough would contribute to the HDHSA on a schedule which reduces the Borough's contribution each year. The schedule would use a combination of employee contributions and contributions from the Borough to fully fund the employee deductible in year 1 (2017) with the Borough's contribution being adjusted per the schedule in the table below. Each year, insurance utilization and costs would be monitored and that information used to make decisions about additional and future revisions to the Borough contribution schedule.

○ Borough contribution schedule:

- Year 1 (2017)- fully fund the employee deductible.

	Single	Family
Employee Contribution	\$1,300	\$2,600
Borough Contribution	\$700	\$1,400
Total	\$2,000	\$4,000

- Year 2 (2018)- Borough contribution is 75% of year 1 contribution

	Single	Family
Employee Contribution	\$1,300	\$2,600
Borough Contribution	\$525	\$1,050
Total	\$1,825	\$3,650

- Year 3 (2019)- Borough contribution is 67% of year 1 contribution

	Single	Family
Employee Contribution	\$1,300	\$2,600
Borough Contribution	\$469	\$938
Total	\$1,769	\$3,538

- Year 4 (2020)- Borough contribution is 50% of year 1 contribution

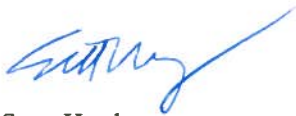
	Single	Family
Employee Contribution	\$1,300	\$2,600
Borough Contribution	\$350	\$700
Total	\$1,650	\$3,300

There was discussion about eliminating coverage for employee spouses if the spouse had other health insurance coverage available. There was also discussion about whether the coverage elimination should apply to current employees or to employees employed on or after January 1, 2017. There was a **MOTION** by Murray and a second by Reese to implement a policy for all employees hired on or after January 1, 2017, if health insurance coverage was available elsewhere to an employee's spouse, the spouse would not be eligible for coverage under the Borough's health insurance plan. *Motion carries with Youngerman and Deering voting no.*

Other business to come before Council and/or the Authority Board- Youngerman invited all attending to stay for the Borough Council Administration and Finance Committee meeting following the conclusion of the joint meeting.

On a **MOTION** by Smeltz and a second by Reese the meeting was adjourned at 7:37 PM. *Motion carries unanimously*

Respectfully Submitted,



Scott Hershey
Borough Manager/Secretary