Health Insurance Committee

Kalispell Public Schools

Date: January 19, 2017

4:00pm

FHS Conference Room

**Members:** Dawn Ann Anderson, Deb Hunt, Greg Letourneau, Lisa Lykins - Chair, Mike Lincoln, Mike Thiel, Niki Dykstra, Sylvia Heselwood, Warren Lane, ~~Alex Schaeffer~~, Karen Mainolfi, ~~Kris Hursh~~, Jack Fallon

**Advisors:** ~~Gwyn Andersen~~, Tracy Scott, Mark Flatau, Braumlee Boyce,

**Consultant:** Michael Young, Consilium

Also in attendance: Lance Isaak, Bette Albright, Dave Schultz

**AGENDA**

1. Plan Review Lisa Lykins/Mike Thiel - presenting a report created by Mike Young

Exhibit A: Monthly Claims

* Claims costs net of stop loss reimbursement have now declined or remained even three month in a row
* Claims paid in december were $336,012; stop loss reimbursements due were $28,337, bringing net paid claims to $317,675 on the heels of November’s low of $310,854. This results in additions to reserves of about $100,000 with the inclusion of a drug rebate of $17,000

Exhibit B: Year to Date Loss Ratio

* The loss ratio (paid claims vs funding) has steadily decreased since the summer due to significantly reduced claims cost. Note that November and december are about $200,000 less per month than our high month of September.

Exhibit C Large Claims:

* for the first time this year, YTD large claims are less than the corresponding period of last year

 \*YTD gross large claims through december were $794,285 in

 2016 and $925,599 in 2015

\*YTD Net large claims (after stop loss) were $765,948 in 2016

 and $786,698 in 2015

* There were no new large claims in December
* Only three large claims appear to be ongoing at a significant rate though the large claims details report was not available at the time this report was created.

2. Financial Update Gwyn Andersen

\*Gwyn was not in attendance, but a report of financial position was provided to the committee to review. It was noted that the negative balance in the bank account has come up to $-445,889.95 from $-1.5 at the end of August. Total assets balance was $63,000.67

OTHER: Our annual ACA report fee is due at the end of January totalling approx $80,000.00

3. Proposal for the Committee Consideration Mark Flatau

Mark recognized/honored the committee for their work and is glad to see the positive trend on the financials for the past couple of months.

On behalf of the board/administrators he wanted the committee to know that the district is committed to continuing the collaborative process with the committee. Board leadership knows they can’t let the insurance plan for our employees fail, BUT they want to ensure that they have solid information regarding all plans. Ultimately the liability to the district at the end of the year is unknown but the district is committed to covering that cost in order to keep the insurance plan solvent.

With Mike Young’s resignation effective February 10, 2017 Mark would like the committee to consider hiring Scott Haas of Wells Fargo until the June 30, 2017 as our new interim consultant. Mr. Haas has agreed to take the same salary of $2650 per month currently being paid to Mike Young and is willing to sign a 2-3 year contract at the same rate if retained by the district beyond June 30.

Mark feels strongly that we need a consultant on board.

Mr. Haas’s mandate would be three fold:

1. Explore staying self insured; working with the committee to develop new plan designs and run it by an actuarial service
2. Contact MUST to determine if SD#5 could re-join the trust and if so how much it would cost
3. Create an RFP to put out to fully insured, traditional plans

Bids would be out by March/April with an early May turn around.

If the committee agrees to this proposal Mike Thiel and Lisa Lykins could pitch it to the board at Tuesday’s (1/24/17) board meeting.

**MOTION:** made by Mike Thiel

To hire Scott Haas as consultant effective February 1, 2017 to examine all insurance options including RFPs for fully funded insurance, MUST, as well as work with the committee to redesign plan options. Mr. Hass will work with First Choice on an interim contract through June 30, 2017.

**SECOND TO MOTION**: Dawn Ann Anderson

**Discussion:**

Braumlee - Could we explore a Sept/Oct plan start date?

 \*RFP could be for 14 months to avoid a lapse in coverage.

 \*This would avoid having to collect money back from

employees who leave the district.

\*Open enrollment would have to be in August which would

create it’s own issues

Deb Hunt commented that this would be a very large educational process for our members.

Mike Lincoln express concerns that the insurance committee has been skirted around for the past 1.5 years and had these questions/comments:

1. In light of the recent uptick in contributions to the reserve fund do we really need to be “saved”?
2. Objects to legal counsel being hired and paid for with reserves
3. Doesn’t care for the idea that Scott Haas is tied to the attorney that was brought in 1.5 years ago
4. Why aren’t we going through the normal process of hiring this consultant? As in gathering RFPs and interviewing potential consultants
5. Perhaps we need to re-evaluate the purpose of the committee
6. Reminded the group that district/admin serve as advisors only to the committee

Jack Fallon -Legal structure was evaluated by Cory Cook to cover legal liability as it was felt that documentation was not in place. There was no subversion on the part of the board.

Braumlee -Scott Haas offered his work pro bono which in light of the financial issues was appealing

Mike Lincoln- feels like the sharks are circling

Deb - will we go out to bid for consultants at the end of Scott Haas’s interim contract?

Sylvia -going out of state without giving local consultants an opportunity to bid doesn’t sit well. See’s it as a smirch on the district.

Tracy -Keep in mind that First Choice is an out of state company

Comment- yes but they were selected from a pool of interviewees

Warren -how involved will the committee be

Jack -board will see information from Scott Haas only after work with the committee is complete, nor will finance committee until all mandates are vetted out

Lisa- would like assurance that Mr. Haas will come to meet us face to face

Mark - will clarify that Scott Haas will meet with the sub-committee and full committee in person throughout the process/spring

Mike Thiel - subcommittee will need to tell Scott Haas what we want and work closely with him

The sub-committee formed this fall will meet with Mr. Haas once board approval is received.

Sub-Committee members: Jack Fallon, Tracy Scott, Gwyn Anderson, Braumlee Boyce, Mike Young, Mike Thiel, Mike Lincoln, Greg Letourneau, Kris Hursh, Karen Mainolfi, Mark Flatau

**VOTE**: all members voted in favor of hiring Scott Haas with one dissenting vote from Mike Lincoln.

**MOTION CARRIES**

Once board approval is received Lisa will make contact with Scott Haas to set meeting dates in the near future.

Other:

Tracy put the committee on notice that we may be facing a TMJ appeal.

The appeal is going to First Choice this week and may come back to the subcommittee

**UPCOMING MEETING DATES**:

February 24th