

*Note: These minutes are not official until approved by the Finance Committee at a subsequent meeting. Please refer to the meeting minutes when these minutes are approved to obtain any changes to these minutes.*

## Finance Committee

### Minutes

October 2, 2013

The Finance Committee of the DeKalb County Board met on Wednesday, October 2, 2013, at 7:00 p.m. in the Administration Building's Conference Room East. Chairman Stephen Reid called the meeting to order. Members present were Anthony Cvek, Julia Fullerton, Misty Haji-Sheikh, Paul Stoddard and Ruth Anne Tobias. Charles Foster was absent. Also present was Gary Hanson, Tim Kearns, Frank O'Barski, Jeff Whelan, Christine Johnson, Greg Millburg, Mary Simons, Sarah Lief, Joan Hanson, Deb Beazley, Jim Scheffers, John Frieders and Mark Pietrowski.

#### **APPROVAL OF THE MINUTES**

It was moved by Mrs. Tobias, seconded by Mrs. Haji-Sheikh, and it was carried unanimously to approve the minutes from the Finance Committee meeting of September 4, 2013.

#### **APPROVAL OF THE AGENDA**

It was moved by Mr. Cvek, seconded by Mr. Stoddard, and it was carried unanimously to approve the agenda as presented.

#### **HEALTH INSURANCE RFP UPDATE**

Mr. Hanson introduced Mr. Tim Kearns of RJLee & Associates, LLP, and announced that he is DeKalb County's health insurance consultant and has been with the County for about 25 years or more.

Mr. Kearns shared that they began the formal request for proposal process for health insurance in July. They sent the proposals out to the market, conventional insured companies, as well as third party administrators that would provide quotes on a self-funded basis. He explained that they received the rate quotes back last Thursday but are still in the process of assembling that information. What he did share was the attached summary to these minutes of the responses received in regards to the health insurance RFP issued. Twenty eight companies received the RFP and fourteen responded. Also attached is a year-to-date claims history broken down

between the PPO plan and the HDHP, as well as an estimate of the total cost of new fees and taxes which will be incurred in the 2014 due to the Patient Protection and Affordable Care Act. Mr. Kearns explained these attachments in detail and also shared that although the premium costs are still being evaluated, it appears that the medical cost increase will be in the 12%-15% range and dental premiums should be the same or lower than current rates. He also covered that life insurance premiums will definitely be lower than current rates.

Mr. Kearns also shared the process for finalizing and assembling all the information from the RFP and explained how they will go back to all of the organizations and ask for clarification. He estimated that there should be a more formal set of rates for everyone in a few weeks. He continued that by submitting September's claims information there can be a more formal rate that can be given when there is nine months' worth of claims for this year and the prior two years that can be provided to these companies.

Mr. Stoddard asked for clarification on the self-funding plans and if the County went with a self-funding plan would that allow for them not to pay the tax. Mr. Kearns answered that yes if the County went with a self-funding plan they would not have to pay the tax because only conventional plans are subject to that tax. Although on a self-funded plan, he explained, there are additional contracts that would have to be made with administrators as well as a network. So in looking at a self-funding plan there are multiple contractual relationships that would need to be implemented and there are some risks that need to be covered to protect the assets of the organization as well as building a reserve.

Mrs. Tobias stated that she remembered starting on the board the County was self-insured and then they went to a company and stated she did not recall why that changed. Mr. Hanson answered that the County had some very good years early on being self-insured and then later on there were some bad claim years and it just got very expensive and Blue Cross seemed to have better purchasing power and just made the most sense to go with them instead.

There was further discussion on the Affordable Care Act with explanation of the exchange, along with different scenarios that were discussed amongst the committee members and Mr. Kearns.

The last point Mr. Kearns shared with the Finance Committee was the Cadillac Tax. He explained in 2018 tax premiums that reach an excess of \$10,200 annually for a single or \$27,500 for family coverage annually, the employer will have to pay a 40% tax. After further discussion on the Cadillac Tax the Finance Committee thanked Mr. Kearns for his presentation and shared they look forward to seeing the more finalized numbers and results of the RFP.

## **DELINQUENT PROPERTY TAX SALE RESOLUTION**

Ms. Christine Johnson, DeKalb County Treasurer brought forth an annual housekeeping item that the Treasurer's office brings to the Finance Committee. She explained these Resolutions are for the sale and deeding of fourteen delinquent properties. Ms. Johnson gave a brief explanation of how the sale of property taxes work and how the County ends up with these properties.

**It was moved by Mr. Cvek, seconded by Mrs. Tobias, and it was moved unanimously to forward these fourteen Resolutions to the full board for approval.**

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## **RESOLUTION AUTHORIZING DEPOSITORES FOR THE COUNTY TREASURER**

Ms. Johnson shared that this is also an annual housekeeping item to approve the list of depositories of public funds in the custody of the DeKalb County Treasurer.

**It was moved by Mr. Cvek, seconded by Mrs. Fullerton, and it was approved unanimously to forward this Resolution for approval to the full board.**

## **SALARIES OF ELECTED OFFICIALS – DISCUSSION**

Finance Director, Mr. Pete Stefan, presented a handout that provided seven offices that will need salaries established beginning in FY2015; County Board Chairperson, County Board Vice-Chairperson, Committee Chairperson, County Board Member, County Clerk and Recorder, Sheriff, and Treasurer. He also explained these salaries must be established at least 180 days prior to the general election. After discussion there was no further action on this item.

## **FY2014 BUDGET APPEALS APPLICABLE TO FINANCE COMMITTEE**

The first of many appeals that were brought forth to the Finance Committee has to do with the 1% increase for Commodities & Services. Mr. Foster and Mr. Jones appealed that Department Heads should not exceed a 0% increase. Neither Mr. Foster nor Mr. Jones were present at the Finance Committee, but Mr. Cvek shared that his mind set on the budget and these appeals were “just because we can, doesn’t mean we should” so he felt that he would have liked to have had a little more involvement in that number before it had been presented. He reiterated that his goal is to have a 0% increase in the levy amount and in order to do that he shared that increases like these need to be looked at more carefully. Mrs. Fullerton agreed but also shared that with the economy the way that it is she understands the increases.

Mr. Cvek made a motion to accept the first appeal to keep Commodities & Services at a 0% increase for the FY2014 Budget. There was no second to the appeal so it failed.

The next appeal made was by Mr. Cvek to not provide a 1% pay increase to non-union employees and exempt department heads. After discussion Mr. Cvek withdrew his appeal.

The next appeal was that there should be no salary increases for various appointed board and employees, which was made by Mr. Cvek. He explained that even though these were slight increases his appeal was due to wanting to keep the levy down. Mr. Cvek made the motion to approve his appeal but there was no second so the motion failed.

Next appeal addressed was another made by Mr. Cvek to not increase the amount for the insurance buyout plan for FY2014. Mr. Cvek moved to table his appeal pending discussion on health insurance programs, which was seconded by Mrs. Fullerton. Chairman Reid called for a vote to table Mr. Cvek’s appeal. Those voting yea were Mr. Cvek, Mrs. Fullerton and Mrs. Tobias. Those voting nay were Mrs. Haji-Sheikh and Mr. Reid. Mr. Stoddard Abstained. The motion carried.

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The next appeals were made by Mr. Cvek, Mr. Foster and Mr. Frieders and that was for the New Network Security Specialist Position in the IMO Department. Mr. Frieders spoke up and expressed that his reasoning for his appeal was because he feels that there should not be any new employees or positions added at this time to help conserve our contingency funds.

Joan Hanson, Director of the IMO Department, spoke on behalf of this position she is asking for in the budget. She addressed that after the IT Security audit that was done for the County that she feels if she did not address the issue of security she would see herself as being neglectful. Mr. Cvek added that his concern was not at all that the position was not needed his concern was process based. He was under the impression that there would be more of a process and a collaborated effect between her department and the Finance Committee.

After further discussion and questions to Ms. Hanson, a majority of the consensus was that IT Security was not something to mess around with because in the end a breach would be far more costly. Furthermore, Mr. Cvek made a motion to appeal the New Network Security Specialist Position and there was no second. The appeal failed.

Mr. Cvek, Mr. Foster and Mr. Jones all made appeals to not spend \$575,000 out of the opportunity fund for the jail expansion parking lot construction. Mr. Foster and Mr. Jones' appeals addressed postponing the construction and Mr. Cvek's appeal was to look into reallocating the funds to re-open Exchange Street into two-way traffic between N. Locust and N. Main Streets. Mr. Cvek continued to share his appeal and his thought process of halting the parking lot project until there is a clearer picture on the jail expansion and looking more into the street project.

Mrs. Haji-Sheikh spoke up and expressed that she had spoken with Mr. Stefan and it was her understanding that bonds cannot be used for re-opening Exchange Street. Mr. Hanson continued that the opportunity fund would be able to be used for this type of issued but the bonds were used for the courthouse expansion, planning of the jail expansion, and parking lot, but that is all.

Mr. Scheffers gave a run down on what all would need to be done with the construction of making Exchange a two-way street again and explained that this is a costly project.

After further discussion, on the jail expansion and the parking lot construction, Mr. O'Barski and Mr. Pietrowski both agreed that they were in support of the appeal to not do the construction of the parking lot at this time.

Mr. Cvek moved to accept his appeal to halt the parking lot construction, seconded by Mrs. Tobias. It was carried unanimously by voice vote to approve the appeal.

The last appeal that was made by Mr. Cvek which had to do with Public Building Commission Employee Costs was pulled by him.

Mrs. Haji-Sheikh moved to reopen the parking lot construction appeal in order to make clear where the money will be going now that it won't be going into the parking lot. Mr. Stoddard seconded the motion. All members voted yea. Motion carried.

Mrs. Haji-Sheikh moved to hold the funds in the opportunity fund from the parking lot construction instead of using the funds to re-open Exchange Street to two-way traffic. Mrs. Tobias seconded the motion.

Mr. Cvek moved to amend the motion by using the saved funds from not doing the parking lot construction to pay down the levy request for FY2014. There was no second to this motion. Motion failed.

The Chairman asked for a vote of Mrs. Haji-Sheikh's motion as stated. The motion carried unanimously by voice vote.

### **BUDGET REVIEW OF DEPARTMENTS REPORTING TO THE FINANCE COMMITTEE**

The committee had no other topics for discussion under the FY2014 Budget.

### **ADJOURNMENT**

It was moved by Mr. Cvek, seconded by Mrs. Fullerton, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

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Stephen Reid, Chairman

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Tasha Stogsdill, Recording Secretary

**Request for Proposal Response Summary**

RFP Sent to:

Company Name	Location	RFP Received	Medical-Insured	Medical Self-Funded	Dental	Flex	Life	Life Rate Guarantee
Aetna	Chicago, IL	Declined						
ASI Flex	Texas	No						
Blue Cross of IL	Chicago, IL	Yes	X	X	X	X	X	5 yr
Cigna	Chicago, IL	Declined						
Consociate-Dansig	Decatur, IL	Yes		X	X	X		
Delta Dental	Chicago, IL	Yes			X			
Guardian Life	Chicago, IL	Yes			X	X	X	2 yr
Health Alliance	Urbana, IL	Declined						
Humana	Chicago, IL	Yes	X	X	X	X		
ING	Chicago, IL	No						
Insurance Program Managers Group (IPMG)	St. Charles, IL	Yes		X	X	X		
Lincoln Financial Group	Chicago, IL	Yes			X		X	2 yr
Met Life	Chicago, IL	Yes			X		X	3 yr
Minnesota Life	Minneapolis	Yes					X	3 yr
Mutual of Omaha	Chicago, IL	Declined						
National Insurance Services	Wisconsin	No						
Northern Illinois Health Plan	Freeport, IL	Yes		X	X	X		
Principal	Des Moines, IA	Yes					X	3 yr
Resource Bank	DeKalb, IL	No						
Secova	Pennsylvania	No						
Symetra	Chicago, IL	Declined						
Test Benefit Solutions		No						
The Hartford	Chicago, IL	Yes					X	2 yr
The Standard	Kansas City Mo	Yes					X	2 yr
TriStar	Des Moines, IA	No						
United HealthCare	Moline, IL	No						
United Medical Resources (UMR)	Des Moines, IA	Yes		X	X	X	X	2 yr
Wage Works	San Mateo, CA	No						
<b>Total Number of Responses</b>			<b>2</b>	<b>6</b>	<b>10</b>	<b>7</b>	<b>9</b>	

## Year-to-Date Claims History by Plan for 2013

Claim Costs				Employees			
PPO Plan	A			B		A/B	
Month	Medical	RX	Total	# Single	# Family	Total	Claim Cost/EE Month
January	\$ 191,035	\$ 56,040	\$ 247,075	150	142	292	846.15
February	\$ 612,134	\$ 61,375	\$ 673,509	148	142	290	2,322.44
March	\$ 440,129	\$ 73,614	\$ 513,743	148	141	289	1,777.66
April	\$ 180,620	\$ 63,383	\$ 244,003	144	137	281	868.34
May	\$ 403,505	\$ 76,333	\$ 479,838	144	137	281	1,707.61
June	\$ 241,031	\$ 57,454	\$ 298,485	142	137	279	1,069.84
July	\$ 410,922	\$ 58,588	\$ 469,510	141	137	278	1,688.88
August	\$ 261,888	\$ 75,292	\$ 337,180	138	135	273	1,235.09
September	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
October	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
November	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
December	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
<b>Total</b>	<b>\$ 2,741,264</b>	<b>\$ 522,079</b>	<b>\$ 3,253,343</b>	<b>1,155</b>	<b>1,108</b>	<b>2,263</b>	<b>1,442.04</b>

  

HDHP	A			B		A/B	
Month	Medical	RX	Total	# Single	# Family	Total	Claim Cost/EE Month
January	\$ 301	\$ -	\$ 301	8	19	27	11.15
February	\$ 1,284	\$ 90	\$ 1,374	8	19	27	50.89
March	\$ 2,539	\$ 473	\$ 3,012	8	19	27	111.56
April	\$ 4,877	\$ 44	\$ 4,921	8	19	27	182.26
May	\$ 6,269	\$ 499	\$ 6,768	8	19	27	250.67
June	\$ 421	\$ 6,688	\$ 7,109	8	20	28	253.89
July	\$ 28,506	\$ 823	\$ 29,329	8	21	29	1,011.34
August	\$ 34,990	\$ 1,304	\$ 36,294	8	22	30	1,209.80
September	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
October	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
November	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
December	\$ -	\$ -	\$ -	-	-	-	#DIV/0!
<b>Total</b>	<b>\$ 79,187</b>	<b>\$ 9,921</b>	<b>\$ 89,108</b>	<b>64</b>	<b>158</b>	<b>222</b>	<b>401.39</b>

**Patient Protection and Affordable Care Act - Summary of Costs for 2014**

**PPACA Cost 2014**

	Single	Family	Total
PCORI Fee	\$ 2.00	\$ 5.00	
Reinsurance Fee	\$ 63.00	\$ 148.05	
<b>Total Annual/EE</b>	<b>\$ 65.00</b>	<b>\$ 153.05</b>	
<b># EE</b>	<b>147</b>	<b>159</b>	
<b>Total Cost</b>	<b>\$ 9,555</b>	<b>\$ 24,335</b>	<b>\$ 33,890</b>

PCORI=Patient Centered  
Outcome Research Insititute

Health Insurance Tax	<u>\$ 210,000</u>	estimated
Grand Total Fees & Tax	<u><u>\$ 243,890</u></u>	estimated

# Cadillac Tax

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- Effective 1/1/2018
- Premiums/Costs in excess of Single \$10,200 annually or \$850/month
- Premiums/Costs in excess of Family \$27,500 annually or \$2,292/month
- 40% tax to the employer
- Includes premium costs and employer contributions into a FSA, HRA and HSA