

CUMBERLAND COUNTY FINANCE COMMITTEE
APRIL 5, 2001, 8:30AM
REGULAR MEETING

Members

Present: Chairman Kenneth Edge
Commissioner Jeannette Council

Others: James Martin, County Manager
Amy Cannon, Asst. County Manager/Finance Director
Cliff Spiller, Asst. County Manager
Grainger Barrett, County Attorney
Marsha Fogle, Clerk to the Board
James Silman, County Risk Manager
Kathy Wanamaker, County Benefits Coordinator
Eddie Burke – Cherry, Beckaert & Holland
Michelle Pratt, Sr. Manager, Cherry, Beckaert & Holland
Press

Absent: Commissioner J. Breeden Blackwell

1. Invocation: Commissioner Jeannette Council
2. Approval of Minutes: January 31, 2001

MOTION: Commissioner Council moved to approve.
SECOND: Chairman Kenneth Edge
VOTE: UNANIMOUS

3. Presentation of Governmental Accounting Standard Board (GASBY), No. 34

Amy Cannon, Asst. Manager/Finance Director told the Committee the County has been working with Cherry, Beckaert & Holland in dissecting the new standards of reporting of the county's financial condition, effective June 30, 2002. This collaboration has been helpful to both the county and the accounting firm. Ms. Cannon introduced Eddie Burke of Cherry, Beckaert & Holland, who in turn introduced Michelle Pratt, who reviewed some of the changes that will occur in the way they report the county's financial condition, via the annual audit. The new standards were issued in 1999 as a result of 12 years of debate. The changes that will be most obvious will occur in the way the financial information is presented, i.e., there will be a "business" type activities presentation. A statement of net assets (balance sheet) and a statement of activities (income statement) will be included in the audit report. The business presentation will focus on two types of activities, i.e., governmental activities (tax supported) and business type activities (partially supported by fees/charges). These two different methods of presentation will allow us to focus on the big picture, demonstrate the total impact of the short-term financing decisions reported in the governmental funds and provide cost information (expenses) for activities reported in governmental funds. This new way of reporting will also require us to look at the depreciation of capital assets, i.e., the county courthouse and how that affects our financial situation. See Attachment A to these minutes for information on how the standards will affect the reporting.

At some point in time, this presentation will be made to the full Board of Commissioners.

4. Consideration of changes in Health Insurance Premiums and Health Plan Options

Mr. James Silman, Risk Manager, told the Committee that the cost of the County's self-insured health plan continues to rise. To ensure the integrity for FY02 the county portion of health insurance costs will rise 18.25%. This rise will require some changes in our premiums and insurance plan options. It has been projected that a maximum liability for FY02 will be \$10,746,356.00. Our expected revenue, based on our current premiums and health plan options is \$9,226,800.00. Mr. Silman noted a health fund loss for the current fiscal year in the amount of \$978,704.00.

Based on the projections for next fiscal year, Mr. Silman recommends the following changes in health insurance premiums:

PPO PLAN

<u>Coverage</u>	<u>Current Mo. Cost</u>	<u>Proposed Mo. Cost</u>	<u>Cost x 24 payments</u>
Employee	\$ 11.53	\$ 13.00	\$ 6.50
Employee/child	85.69	95.00	47.50
Employee/children		177.00	88.50
Employee/spouse	156.93	175.00	87.50
Family	189.39	210.00	105.00

PCP PLAN

<u>Coverage</u>	<u>Current Mo. Cost</u>	<u>Proposed Mo. Cost</u>	<u>Cost x 24 payments</u>
Employee	\$ 19.10	\$ 21.00	\$ 10.50
Employee/child	70.67	127.00	63.50
Employee/children		224.00	112.00
Employee/spouse	190.07	211.00	105.50
Family	266.21	296.00	148.00

EXPECTED REVENUE GAIN: \$158,200.00

NOTE: Insurance premiums will be deducted from the employee's paycheck twice a month, as opposed to once a month, because of the increase.

HEALTH INSURANCE PLAN OPTIONS

	<u>Expected Savings/yr</u>
PCP (Personal Care Plan)	
Increase emergency room co-pay From \$75.00 to \$100.00	\$ 9,900.00
Increase office visit co-pay from:	
Primary Care - \$10.00 to \$15.00	35,616.00
Specialist - \$20.00 to \$25.00	59,768.00

	<u>Expected Savings/yr</u>
Increase prescription drug co-pay	
From:	
\$8.00 to \$10.00	\$ 19,488.00
\$16.00 to 20.00	6,924.00
\$24.00 to \$30.00	114,630.00
TOTAL EXPECTED SAVINGS:	\$ 271,614.00

PPO (Preferred Provider Option)	Increase out-of-pocket Maximum from \$1,000 to \$1,500 (same as PCP)	Unknown
	Increase deductible from \$200 to \$250	\$ 51,700.00
MINIMUM TOTAL SAVINGS		\$ 51,700.00

Note: Mr. Silman said he looked at increasing the office visit co-insurance from 20% to 25%; however, Blue Cross Blue Shield may not allow that to happen, so it is not included as part of our savings.

The Committee look at the PPO deductible and inquired if it should be increased to \$500.00. Mr. Silman said that \$500 is pretty much the going deductible and he would agree with that amendment to his recommendation.

MOTION: Chairman Edge moved to recommend approval of the changes as noted above in the health insurance premiums and in the Health Plan Options, amending the deductible increase in PPO to \$500.00.

SECOND: Commissioner Council

VOTE: UNANIMOUS

This item will be placed on the April 16 agenda for consideration by the Board of Commissioners.

5. Other Committee Concerns

None

MEETING ADJOURNED: 9:35AM