

**Sun Lakes Fire District  
Insurance and Legal Committee Meeting Minutes  
May 18, 2011**

The meeting was called to order at 2:00 PM by Fire Chief Wilson. Those present at the meeting included Board Members Forrest Kohler and John Crawford, Chief Wilson, Dep. Chief McCoy, Finance Manager Elikan, Human Resources Administrator Barbara Smith, Union Local 3560 Vice President Janet Bennett and David Spellicy representing The Spellicy Group.

Mr. Spellicy began by stating that Delta Dental cost for FY 2011/12 had come in at slightly less than the current year with no change in benefits. He noted that his agency had received other proposals for Dental Insurance, however, none were materially better than Delta Dental. Mr. Spellicy recommended staying with Delta Dental unless there are extenuating circumstances.

Mr. Spellicy went on to explain that the life insurance including Line of Duty Accidental Death benefits would stay the same with no change in cost or benefits. There continues to be two classes of coverage—Firefighters and Ambulance/Administrative. He recommends staying with Standard Insurance Co. since Hartford is the only other carrier that can offer Line of Duty benefits and they are more expensive than Standard.

Voluntary Life Insurance rates with Standard Insurance are staying the same and Mr. Spellicy recommends staying with them.

Long Term Disability Insurance Rates are not changing, with only Metlife offering a comparable plan at about \$1200 per year less than Standard Insurance. Again the recommendation is to stay with Standard Life.

Chief Wilson asked for clarification on the rate guarantees from Standard Insurance. Mr. Spellicy answered that the rates quoted for Life, Line of Duty Death, Long Term Disability and Voluntary Life were guaranteed through July 1, 2014.

Vision Insurance is carried through Delta Dental and is called Delta Vision. Some employees had expressed interest in VSP Vision. Rates and Coverage were obtained from VSP and rates are lower than Delta Vision. Since Vision is an employee paid elective insurance the Committee recommended the Union solicit feedback from their members as to whether or not they wanted to change to VSP. Union VP Bennett indicated they would do so. Mr. Spellicy clarified that 10 or more employees must enroll for VSP to be the Vision Carrier. Otherwise Vision Insurance could remain with Delta Vision with only three (3) employees required for enrollment.

Discussion returned to the proposed transition from BC/BS to United Health Care for Medical Insurance. Mr. Spellicy stated that any deductibles used under the current BC/BS plans would

be carried over to the UHC plan. Directories of physicians will be sent to SLFD. Mr. Spellicy recommended reviewing the list on-line as that would be the most accurate and up-to-date information.

Mr. Spellicy reviewed the two proposals emphasizing that the price comparisons were similar, but not equal coverage. Discussion ensued on specific parts of the policy including BC/BS vision coverage vs. Delta Vision coverage.

Chief Wilson brought the discussion back to looking at the possible change of health insurance from BC/BS to United Health Care. He noted that the Union had made a strong statement saying that the majority of members preferred the BC/BS plan. The Union had agreed that the members would commit to supporting the Districts budgeted annual cost of \$494,000. This amount would cover the BC/BS policy for the FY 2011/12 and the Union agreed to an increase in the Employee contributions to cover a 2<sup>nd</sup> year premium increase. Union VP Bennett confirmed this choice and cited some specific comments.

Finance Manager Elikan reviewed a side-by-side analysis of the coverage of both plans noting that this comparison clearly showed the superiority of the BC/BS plan.

Chief Wilson reviewed the wording in the MOU as it pertains to Health Insurance. He noted that the MOU commits to maintaining a BC/BS Health Insurance Plan. He also noted that there was a provision that if the premium went up 20% or more in the 2<sup>nd</sup> year of the MOU that negotiations on Health Insurance coverage could be reopened by either the Union or Management. What was not clear at this time, but could be clarified by a Side Letter to the MOU is how the 20% is to be calculated. He noted that the BC/BS rate for the PPO Plan will rise 18.4% in 2011/12 and the HSA Plan will rise 25.2%. The 20% provision was originally included in the MOU at a time when the Department only offered a PPO Plan. Union VP Bennett stated that this issue would need to be clarified in future Union/Management meetings. However, at this time it was the Union position that since the majority of members are covered with the PPO Plan and the HSA was an option, the 20% provision would apply to the PPO Plan.

Board Member Crawford stated that he was totally in favor of staying with the BC/BS carrier.

Board Member Kohler stated that he was in favor of the BC/BS Plan and suggested that the 20% increase mark be based on the total amount of money the District pays to the carrier (\$494,000.00 in FY 2011/12) regardless of the breakdown between plans. He also asked; "How early SLFD could get a quote for the following year?" Mr. Spellicy stated that State Law requires carriers to produce quotes a minimum of 60 days prior to the renewal date. If they

miss that date, the carrier must maintain the current rate through the following plan year. He noted that his organization starts the quote process at least 120 days before renewal.

Board Member Crawford again stated his support for staying with the BC/BS Carrier. However, he emphasized that staying with BC/BS in future years and handling increases may require consideration of reductions in certain benefits to reach a palatable increase.

Finance Manager Elikan reviewed a comparison of costs to Employees between the current plan and the proposed BC/BS Plan for FY 2011/12. Board Members Kohler and Crawford both agreed that the Committee should recommend to the full Board staying with the BC/BS Plan and also moving the Employer contribution up to 91% from the current 90%.

HR Administrator Smith reviewed the various Supplemental Insurance policies that SLFD offers. She noted that all of these insurances are currently paid by SLFD and then reimbursed through payroll deductions. Ms. Smith recommended that these insurances be continued but have the payments shifted directly to the Employee paying the carrier.

Chief Wilson asked the Insurance Committee if they wanted to add the Supplemental Insurance Administration decision to the May 24<sup>th</sup> Board meeting. Board Members Kohler and Crawford stated that it was an administrative function and since the District does not pay for supplemental insurance the Board should not take action on it. The Staff was instructed to work with labor on an acceptable plan that did not require an inordinate amount of staff reconciliation or administrative time.

Chief Wilson summarized the discussions of the meeting that the Committee will recommend to the full Board and the Budget Committee that the District stay with all of the current insurance carriers for Health, Dental, Life and Supplemental Insurance and that the District change to VSP for Vision Insurance if Union Membership supported the change. The consensus of the Committee agreed with this recommendation.

There was no further discussion and the meeting was adjourned at 2:55 PM.