

# LEBANON UTILITY SERVICE BOARD

## Lebanon, Indiana

January 31, 2011

Utility Conference Center

2:00 P.M.

Present:

Board:

Allen Milburn, Chairman  
Dan Lamar, Vice Chairman  
Tom Temple, Secretary  
Mike Thrine, Member  
Jim Urban, Member

Staff:

Michael Martin  
Sandra Morgan  
Linda Ridgway

Guests: Dave Calvert of  
Benefit Concepts of Indiana

Legal Counsel: Larry Giddings

1. Chairman Allen Milburn called a special meeting of the Lebanon Utility Service Board to order at 2:00 P.M. with a full quorum of members present. Confirmation of appropriate notification was acknowledged.

2. General Manager Mike Martin introduced Sandra Morgan, Manager of Financial Services and Human Resources and Dave Calvert of Benefit Concepts of Indiana. Manager Morgan and Mr. Calvert gave an update on what is happening in the industry and with Health Care Reform. Manager Morgan and Mr. Calvert then went through the statistics of the Lebanon Utilities benefit package renewal. On the health insurance, Mr. Calvert detailed our past usage of the health care plan and also discussed the claims vs. premium analysis for the current year with the Board. Mr. Calvert explained that as of the end of November 2010 the utilities loss ratio was over 100%. Manager Morgan added that this is the 9<sup>th</sup> straight year that we have been at a loss ratio of over 100%.

Manager Morgan then explained to the Board that our applications had gone out to ten different health care providers and that we had only received two quotes back. One quote was from our current carrier, Starmark, and the other quote was for a self funded Plan. The Starmark quote offered us an increase of 38.2% to renew the plan with no changes and an increase of 25.9% for an alternate plan increasing deductibles. Under the self funded plan our maximum exposure would have been approximately \$200,000 more than the renewal with Starmark. Manager Morgan went on to explain that in her opinion neither Lebanon Utilities nor the employees could afford to go with the renewal with no changes. The additional cost to the employees could be over \$100 per month and the additional cost to the Utilities would be approximately \$27,000. Manager Morgan also noted to the Board that Lebanon Utilities currently offers two different health plans. They offer a High Deductible Health Plan and a Traditional Plan. Manager Morgan went on to state that the Utilities could save a total of \$36,000 annually to no longer offer the Traditional Plan and only offer the High Deductible Plan. It was Manager Morgan's advice to go with the alternate plan #1 on the High Deductible Plan which raises the deductibles from \$2,000 for single to \$3,000 and from \$4,000 family to \$6,000. Manager Morgan also recommended staying with the 90/10 split and that the employee's 10% continue to be based off of the old rates through the month of February to give the employees a period to adjust.

Chairman Lamar made a motion to accept Starmark's Alternate #1 for the High Deductible Plan and to no longer offer a Traditional Plan and to allow the employee contribution of 10% be based off of the old rates through the month of February. Secretary Tom Temple seconded. Motion carried.

Mr. Calvert and Manager Morgan discussed with the Board a current policy that Lebanon Utilities has in regards to retirees. The current policy allows early retirees the option of staying on the Lebanon Utilities insurance plan until they reach Medicare eligibility provided the early retiree pays 100% of the costs. This benefit will no longer be available to us if we move Companies and could have a negative impact for quoting purposes. It was recommended that we remove this benefit from the Lebanon Utility Policies. It was also explained that anyone who leaves employment for any reason will be offered COBRA for a period of up to 18 months. Again the COBRA is paid 100% by the employee. Member Thrine made a motion to no longer allow early retirees the ability to stay on the plan until Medicare eligibility. Seconded by Secretary Temple. Motion carried.

Manager Morgan discussed the quotes received for our ancillary benefits including dental/STD/LTD/Life. Eight quotes were received with Met-Life providing the lowest quote. Manager Morgan explained that our vision will remain with VSP as we are on a two-year rate guarantee with VSP and they have not raised our rates in 5 years. Member Mike Thrine made a motion to move ancillary benefits to Met Life, except for vision. Member Urban seconded. Motion carried.

3. Chairman Milburn asked for any other business that should be brought before the Board.

4. Hearing of no further business to be brought before the Board a motion was made to adjourn the meeting by Member Urban. Vice Chairman Lamar seconded. Motion carried. The meeting was adjourned at 3:55 pm.

The next Utility Board Meeting will be Wednesday, February 9, 2011 at 4:00 pm.

APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2011

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CHAIRMAN OF THE BOARD

ATTEST:

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CLERK OF THE BOARD