

March 30, 2004

**CALLED MEETING**  
**FLOYD COUNTY BOARD OF COMMISSIONERS**  
**March 30, 2004** **2:00 P.M.**

**PRESENT:** Chairman Chuck Hufstetler, Commissioners Tom Bennett, Garry Fricks, Jerry Jennings and John Mayes.

**OTHERS**

**PRESENT:** County Manager Kevin Poe, County Attorney Jo Stegall, County Clerk Michele Fountain, and Assistant County Manager Sammy Rich.

**CALL TO ORDER:** Chairman Hufstetler called the meeting to order.

**INVOCATION:** Chairman Hufstetler led the Invocation.

**DISCUSS INCENTIVES TO ENCOURAGE  
EMPLOYEES TO ATTEND HEALTH  
FAIR.**

Chairman Hufstetler stated that this had been discussed at the Commission Meeting on March 23, 2004. County Manager Kevin Poe stated that part of the issue is that they are still working with Chuck (*Shaw*) as far as trying to put together the Health Fair and what exactly is going to be in it. He stated that they had gone back to Mr. Shaw and said that they would like to see some different things than what was originally proposed such as blood screenings, EKG, maybe some kind of skin cancer check and things such as that. At one point they were looking at having the Health Fair at the same time that they had the renewal on Health Insurance. Chuck Shaw stated that he thought that a lot of that depends on what they (*the Board*) want to do as far as the time line of how that will work. He stated that they thought that needed to be done. It had not been done in a couple of years. They felt like they wanted to bring it back with something for the employees, this year, to get interested. They have a flyer, which they plan to send to the employees. One is a paycheck stuffer that they will get to payroll to put in everybody's paycheck to let them know what is going on, and also fax every department a flyer. He stated that there are a number of different vendors, but on the health side, there are a lot different things that can be done as far as Floyd Medical Center being the most cost effective. A lot of their services they are going to provide, for instance, blood pressure, blood screening, vision, height, weight, skin cancer and body fat, posture, and free education material, that is all free of charge. But, if they wanted to go a notch up from that, they do have a comprehensive blood chemistry profile, blood work to evaluate blood sugar, kidney and liver function, etc. which costs \$8 per person that participates. He stated that was something that they wanted direction in if they wanted to go ahead with that. Do the employees need to expect to maybe bring some loose cash? He stated that Floyd Medical Center could not take the money, they (*Garner & Glover*) could take the money for Floyd Medical Center and pay them that way. He noted that \$8 is a lot

cheaper than a co-pay, which is \$20 or \$25, so \$8 is a pretty good deal to get that done at the Health Fair. That is something they could put in the flyer to represent it that way. Not to bring the \$8 to get your arm pricked, but here are the reasons why we think you need to come to the Health Fair. They are already getting a lot of benefits: free lunch, Northwest Georgia Credit Union, Infinity Children Services, Whitehall Medical Center, a dentist will be there, Rome/Floyd Parks and Recreation, Comcast Cable, YMCA, Cingular Wireless, Coosa Valley Technical College and Floyd College. These businesses will also be giving discounts to employees. That is something they really try to work on, they hope to see a lot of employees and what kind of incentive will they be given for coming.

County Manager Poe stated that his recommendation would be that the County pay for the blood screening and then try to provide some additional incentive, such as four hours credited to their vacation time to encourage employees to come to the Health Fair and participate. He stated that he thought that if they had 600 employees show up at \$8, that is \$4,800. They have done Health Fair's before that have cost them \$12,000, and they used to do them in-house. With the \$4,800, they could potentially save a lot of money from future medical claims. And then the four hour vacation time credit is not a direct cost to them. Eventually they would take the four hours and get paid time off, but it is not an additional amount of money that they would have to budget. He stated that he thought the \$4,800 could come out of what they had budgeted for the Health Insurance Plan and it looks like they are going to be able to save some money in that area compared to what they had budgeted for this year.

Chairman Hufstetler asked Mr. Shaw the names of the businesses that will be attending. Mr. Shaw replied, that what they tried to do was to talk to two different banks and Northwest Georgia Credit Union. The County already has an association with the Credit Union as far as the bank that they use. County Manager Poe noted that they have payroll deduction. Mr. Shaw stated that everybody is going to bring door prizes; everybody is going to bring giveaways, but they wanted to make sure that, on some of them, that they would bring some incentive for the County employees, not just show up and hand out a brochure. He stated that the dental situation was the only one, dentists are not real big on giving out discounts, but this dentist in particular is still seeing new patients, and that was one of the hardest things to do, was to find a dentist that was still accepting new patients. He does take Guardian, which is something they wanted to make sure of, that they would accept Guardian and accept what they pay as far as reimbursement. Chairman Hufstetler noted that some are not there for health related; they are just there to give discounts. Mr. Shaw stated that they have done a number of benefits fairs before where they will bring that. If you are a Floyd County employee, you get a discount on a cell phone and the first month is free, those type of things. It is more of a Health Benefit Fair, health being the majority of it. Obviously, they want to make sure that they come. Commissioner Fricks had asked Mr. Shaw recently what they were trying to do there. Mr. Shaw stated that obviously they are trying to get them interested in their health, which in turn will get everybody healthy and hopefully down the road lower health insurance. Commissioner Fricks stated that one of his questions was, do they approach one or all? Mr. Shaw stated that they opened up the door to let them all

have a shot at coming in. He stated that, especially with the dentist, some of them are just so busy and Wednesday is a day where a lot of dentist offices are not open. County Manager Poe stated that they cannot come and just advertise, they have to provide some type of benefit through a discount of their services. Chairman Hufstetler stated that they (*the dentist*) are offering a discount if somebody does come see them. Mr. Shaw mentioned that they are offering the teeth bleaching or whitening effect and there will be a discount on that. Mr. Shaw stated that as County Manager Poe had mentioned, they had wanted to combine this with the healthcare renewing, but it has taken them longer to get to this point than they had first thought. He stated that the Board gives them the word as to what they want to do as far as going forward and they will make it happen. If they were to change to another carrier, it might be a little difficult depending on what type of change they are talking about. The number one thing they need to do is to educate the employees if there is any kind of change. The logo on the flyer was mentioned and Mr. Shaw stated that can change. This is just to show the Board what they look like. The education part will be a large factor.

Chairman Hufstetler asked if there was any other discussion and also if they need to vote on this. County Manager Poe replied, “No, if you are okay with my recommendation.” He stated that they need some kind of direction, particularly doing the additional time off. That is something they will definitely have to approve, it being a policy decision. Chairman Hufstetler stated that right now they are looking at it as a one-time thing. Chairman Hufstetler called for a Motion to approve the plan recommended by the County Manager. Commissioner Fricks made a MOTION for approval of the recommendation of one-half day off as incentive and the \$8 towards the chemical blood test. SECOND by Commissioner Jennings. VOTING:

	YES	NO
Commissioner Fricks		
" Mayes		
" Jennings		
" Bennett		
Chairman Hufstetler		

Motion Carried

**DISCUSS HEALTH INSURANCE PROPOSALS.**

Chairman Hufstetler stated that Commissioner Fricks, Chairman of the Administrative/Finance Committee, had been working diligently on this. Commissioner Fricks asked Mr. Shaw to present the proposals. Mr. Shaw stated that in this context, they wanted to be very basic and to the point. They could go into numerous details about the different carriers and all of the different avenues. He asked that they turn to the second page of his hand-out and refer to the Medical Marketing Summary. He stated that he wanted to show them the different carriers that they had talked to. As they had talked before in the meeting leading up to this. The northwest Georgia/Rome market for health

insurance is not that great, they don't have that many options. That causes them to have to work with what they have. When he talks about the market, it is really networks, what doctors participate in what networks. That is the first thing they do. They are not going to quote, for example, with Cigna, that doesn't have the network that these other carriers have. That is the first thing that they look at, then they go into the quality of the carrier and the different types of plans that they offer. He stated that he would not go through each one of these, but a number of them they did include and some of them they did not include. Some they didn't receive a quote back, which tells them that they weren't interested in working with them on this account. There are two self-funded PPA's, the self-funded avenues he doesn't think they are there quite yet from what they have talked about. They did want to impress that quote to see just what the options look like. He stated that they did not have them in the proposals. They will be something that he thought they needed to look at, even though he did not think this year was quite the time to look at that because of their numbers. He stated that the claims loss ratios have come down very nicely from where they were. He thought that 82% was what they ended up with at the end of the plan year. He thought that in the past it had been a good bit higher than that. So, that tells them that Claims Loss Ratio is the numbers of claims paid and the number of premiums paid to that point. He stated that 82% is about dead even because that is where the insurers are about breaking even, they are probably making a little bit of money. When you get in the 120% range, they are losing a lot of money and that is where they see the big renewal increases. Chairman Hufstetler stated that this is the first year they had not lost money on the County. Mr. Shaw stated that when you get up above, anywhere above 95% to 100%, those carriers are losing money. Commissioner Fricks stated that sometimes they were 110%. Mr. Shaw stated that the County was not the only one, 82% is great from what they have seen in the past three or four years, that is doing really well. It was noted that some of that is affected by the fact that there were increased premiums. Mr. Shaw replied, because the premiums are up, they have more room to meet that number. Chairman Hufstetler stated that they are rewarding our 82% by giving us a 14% increase. Mr. Shaw stated that 14% of what Blue Cross Blue Shield would consider a trend increase, that is what they say it is going to cost them to do business next year. He noted that they were able to come off of that a little bit, but for the most part Chairman Hufstetler is correct, they broke even this year and hopefully they will break even next year and this is what it is going to cost them to do that. Mr. Shaw asked that they go to the next page. One of the things they wanted to look at and are very interested in were different types of consumer driven health care options, and there are a number of them. HSA just being one of the many numerous ones. HRA's, used to be MSA's, now there is pretty much HSAs, Flexible Spending accounts which they put into place this year at the County. There are a lot of different avenues that they can go to try to offset the rising cost of healthcare and this is just one of the many ones. He stated that he wanted to show them this as far as HSA's coming down the pike, they are coming, they are just not ready yet. These insurance carriers, they are going to want to be a one-stop shop for the whole HSA. They want to do the insurance arm, they want to do the accounts, the accounts that are where the employees will put the money in and insurance companies are just not set up to do that right now. These health insurance companies, obviously some of the life insurance companies are with universal life cash amounts built up in those. He stated that is what he thinks the lag is, some of these companies are ready

to go, Aetna is the closest, but Aetna declined to give a quote because their rates aren't competitive. Blue Cross Blue Shield: the first of next year is what they have been told, to be able to roll out a fully qualified HSA plan with all of the bells and whistles. Chairman Hufstetler asked why they offer then in other states, but not here. Mr. Shaw replied that Blue Cross Blue Shield, what they have seen them do, they were on a *well point*, California is kind of on the breaking point. They will go after a HSA before the northeast or the east or the south would. He stated that he thought that well point note is that they rolled out in California for a well point owned and operated and then he thought that they would use that model and bring it to Georgia. Hopefully they will work the kinks out of it before, and then bring it to Georgia. The same with the Aetna, that is a national company so they rolled that out all at one time, but well point owns Blue Cross Blue Shield in California and he thought Missouri and Georgia, so they kind of roll them out by states where the national companies, they are going to roll them out all at one time. Chairman Hufstetler asked if he was saying that Aetna would not give a quote. Mr. Shaw replied that they declined to quote, based on . . . When Garner and Glover gives them the rates, their rates that came back that they generated from underwriting, were not competitive with the rates they already had. They (*Aetna*) felt like it was not worth their time because of their rates. Chairman Hufstetler asked if that was on the HSA. Mr. Shaw replied, "On the HSA format." To get the HSA rate, you have to get PPO rates first so they looked at the PPO rates matching what we currently have and they must have been much higher because they would not release the rates. That is their obligation, if they feel that they are coming in higher than they want to come, that is their duty to tell them that their rates aren't coming in competitive. Mr. Shaw noted that these carriers will all be one-stop HAS. Buy the insurance, administration, the funding vehicles and offer a comprehensive HSA program to their clients. That is what they are shooting for, they don't want to roll it out in bits and pieces because it wouldn't be an HSA at that point. Mr. Shaw stated that they would look at the carrier options. He stated that they wished that there were more options. All they have done is show the current benefits from Blue Cross Blue Shield on the last on the left column, the rates they are currently paying versus the rate at a 14% increase. Now that is a 40% increase. If they stayed with Blue Cross, and made some plan changes, those rates will come down. They will come down no matter what on the arrangement, the fee based arrangement, but they will come down even more. They compared these numbers to current numbers, not the renewal numbers, as far as the other carriers are concerned. He noted that Principal Financial Group . . . One of the things he wanted them to know, he was not going through all of these numbers, the co-pay on the Principal Plan, currently in high option, with Blue Cross Blue Shield paying \$20 when they go see the doctor, with the low option and they only have nine employees on the low option, they are paying \$25. With the Principal Option, \$10 high option, \$15 low option and when you look at the rates, the rates come in about 5% lower on the high option and 12% lower on the low option. So even with the lower co-pay, the rates are coming in quite a bit lower which is definitely a different way to look at things. Chairman Hufstetler asked if they had a decent network here. Mr. Shaw stated that they do, but the network we would access would be called Southcare Network. They are not like Blue Cross, Blue Cross owns its own network, Principal, since they are a national company, they lease networks. They have three options here in Rome: they have CCN, Community Care Network, PHCS, which is Private Healthcare Systems

Network, and Southcare. The only two they would really probably look at is Southcare and CCN. PHCS does not have all of Harbin Clinic. It has probably seven or eight doctors in the Harbin Clinic, then a few more scattered out. CCN is out there with really good networks. But, with CCN there is a repricing issue, as far as their network. It cost a little bit more also. You have to send your claims from the doctors office to CCN in Florida and in return, they pay the claims Principal and in turn Principal sends the money back to the doctor's office. This means that CCN will only reprice their own network, they won't let Principal do it. With Southcare, it will go straight to Principal and come back from Principal. They have written groups with both and it is just a lot less to deal with.

Commissioner Jennings asked if he was saying that the Blue Cross Blue Shield network is comparable to the network that Principal would access. Mr. Shaw stated that was correct. Hospitals, doctors . . . a really good website is [www.southcareppo.com](http://www.southcareppo.com). It has well over 200 doctors in this area and that is something he could bring to show them the difference. The Blue Cross Network is the best there is, there is not a doctor in Rome that does not participate in the Blue Cross Network. The Southcare one is right there with it, almost doctor for doctor, clinic for clinic, hospital for hospital, you will see it matching up. Commissioner Jennings clarified that they do not own the network, they access it because they . . . Mr. Shaw stated that they are a national carrier so what they are saying, Southcare is great in the southeast, so it is not so great in the midwest, so what they have employed in the Midwest, they use Southcare here and PHCS out there. Since they are a national carrier, they have to have a network everywhere. Whereas Blue Cross Blue Shield of Georgia only has a network in Georgia. They can access Blue Cross Blue Shield PPO in other states, but it is not Blue Cross Blue Shield of Georgia, it is just a Blue Cross Blue Shield plan. Commissioner Jennings stated that they remember what happened with Cigna and Harbin Clinic pulled out of Cigna. Is there that possibility of this network, because Principal doesn't own the network, is it possible that midway through the contract you could have major defection. Mr. Shaw stated that he would not say that it wasn't possible, but Principal being the insurance company, they probably have millions of people on Southcare Networks and he would think that if there were a problem, it would be between Harbin Clinic and Southcare and Principal would make that work before something like that would happen. Cigna owned their own network, a lot like Blue Cross Blue Shield and when things kind of went bad there, that means that everything was gone. Here there is a little more, Principal and the Network and the Clinic. Commissioner Fricks stated that he guessed that potential possibility is there with anybody. Mr. Shaw replied, "With everybody, it just depends on how the negotiations go." He stated that he had never heard of a problem. He has never seen a problem with Southcare, actually, he had spoken with Brenda Bowen, at Harbin Clinic, who handles the contract negotiations and she said that Southcare is very accommodating and works with them. There are certain networks that don't work with them and it is almost like trying to pull teeth to get payments and those type things and Southcare is not one of those, from what they have been told. He stated that they put in the United Healthcare quote to show another option. It is a little bit higher and he knows that the County had been with United Healthcare before. He stated that it is a strong carrier with a strong network, once again, they own their own network, the UHC Network. The rates did

come in a little bit higher on one plan and little bit lower on the other plan. That plan matches up almost exactly to where they are now except a little bit higher out of pocket, \$2,000 in network versus \$4,000 out of pocket on the low option.

Commissioner Fricks stated that looking at a potential possibility, they talked about how to convert getting ready for the HSA, Health Savings Accounts, and they talked about dividing the high and the low options and getting a bigger line between the deductibles and trying to get more people looking at that area. One area that they looked at, potentially, doing some health reimbursement accounts and they were running the numbers today and kind of looking to see where they would be. Whereas, if you got your employee to select the high option to go up to the higher deductible, you do a reimbursable back to cover their deductible and if they didn't meet that deductible, set up an incentive program or something if they didn't. They looked at the numbers and they looked pretty decent. The legalities and the abilities to set all of this up, they still have to tweak, but trying to move everybody to that low option as possible, which basically will do a couple of things, they will save a pretty substantial amount of money in the cost of insurance, plus, if they set up the reimbursement account, it basically doesn't affect them out of pocket that much.

Chairman Hufstetler stated that if they go with the HSA, he thought the minimum deductibles are \$1,000 individual, \$2,000 family, so this would not quite be there, but it might get closer to this one. The low option has a \$750 deductible. He asked if that was up to three family members. Mr. Shaw stated that was correct, \$750 for him, \$750 for his wife and \$750 for all of his children combined. Chairman Hufstetler stated that he thought what Commissioner Jennings was talking about, was if they left the premium through payroll deduction on employees exactly the same, didn't change anything, had everyone on the low option but then turned around and said they will reimburse them the difference in the deductible, you will be going from a \$250 to a \$750, but the County reimbursed them. He stated that he did not know if they had heard of anybody doing this before, but that is the kind of thing they are looking at. Also putting incentive in there. Commissioner Fricks stated that if they could set up a process where they were given \$100 if they did not meet their deductible. Chairman Hufstetler stated that would be up to the three family member, just like the plan, so potentially a family that didn't use their deductible would get potentially up to \$300 back. Mr. Shaw stated they would have to hire a third part administrator. There are companies that do this. Admin America, works with Principal almost exclusively and do a really good job with it. It is really a simple concept if you think about it. Say if it was \$750 or even if they went to \$1,000 deductible, they would explain it to employees as really you have a \$500 deductible, after the first \$500 that you pay out of your pocket, you are going to be reimbursed for the next \$250, trying to steer them toward the low option plan because there is an incentive to go that low option plan. If you don't go to the hospital, suppose you are a young 21-year-old male and you haven't been to the hospital in your whole life, you can save money and have this reimbursement there if something were to happen to you. There would be administrative fees and he believes that was put in further in the report. It is a \$1,000 set up fee and \$5 per employee that would take that plan. He stated that in some of the savings that they may be able to realize may weigh itself out. Chairman Hufstetler stated

that Mr. Shaw was saying \$1,000 deductible, but the plan we really have is \$750. Mr. Shaw replied that \$750 was correct. Chairman Hufstetler stated that unless they act on something today, he thought that they needed to go with the numbers he has. Mr. Shaw stated that he understood. He stated that for the \$1,000 to get to the HSA level next year, they would need to go to \$1,000. Chairman Hufstetler asked if they have to wait until next year, what if they are six months into this plan and they want to make a change and go to an HSA can't they do that? Mr. Shaw replied that he thought they could, but would have to put it in the contract writing now to say that they want to do that in the future, when the HSA adaptability is there, they would want to do that at that point. Chairman Hufstetler asked if they had to have it in writing. He thought they could give 30-days notice and opt out, or they could in the past. Mr. Shaw asked if he was referring to doing the HSA or just going with that carrier. Chairman Hufstetler replied, "If we wanted to leave this carrier and go with an HSA that somebody else had, say six months down the road." Mr. Shaw stated that they could definitely do that, you could go with a different carrier, he was just saying that if they were with one of these carriers or with the carrier they chose now, and were with them, they would probably need to let them know that they are requesting a change mid-year with that carrier. But if they want to go to another carrier, they could do that, and you can change any time.

Commissioner Fricks stated that one of the things they were discussing earlier, on the percentage of savings on the principal financial group. He knew that Blue Cross Blue Shield didn't include the commission reductions on that, how about the Principal. Mr. Shaw stated that all of these quotes have a net commission, so the commission is not built in. Commissioner Fricks asked if the commission savings would actually be on top of this. Mr. Shaw replied, "No, they are already in it." Commissioner Fricks stated that he thought the 14% was supposed to be . . . Mr. Shaw stated that it is. There is another Blue Cross renewal. If you look 2 pages back, it shows taking the 14% out. Chairman Hufstetler stated that on that page it is really not apples to apples, is what Commissioner Fricks was saying. Blue Cross has commissions and Principal and United don't. Mr. Shaw stated that was correct. Commissioner Fricks stated that the little reduction, they would have 2½% or something like that is what they are talking about, net. Mr. Shaw stated that it will be 5%. Commissioner Fricks stated that when they add back the actual cost, it would be 2½%. Mr. Shaw stated that was correct. He stated that he had actually done that for County Manager Poe and it is \$90,000+, when you take 5% of the total premium and minus out 120, the difference is about \$104,000. He stated that he would get that information to County Manager Poe before he left. Chairman Hufstetler stated that he is trying to summarize on the low option plan, if they leave everybody's premium the same, the potential is there for them to actually get \$300 if they don't use their deductible. We would reimburse them if they did and on the trade-off, they have a lower co-pay than currently, but potentially there could be a higher out-of-pocket. Mr. Shaw stated that was correct, with the \$2,500. Commissioner Fricks stated that another thought on that, if you did a reimbursement, he guessed the deductible would come out of pocket, so it really wouldn't be affected so really you are reducing your out-of-pocket to \$2,000 and are only increasing it by \$1,000. Mr. Shaw stated that that out-of-pocket amount is including the deductible. Commissioner Fricks stated that if they cover \$500 of that, they would actually be reducing that by \$500 too.

Mr. Shaw stated that the next page was another comparison with another carrier, the partially self-funded plan they looked at. He stated that they do think a little bit differently and it is an interesting concept. There is a high option and low option just as normal except there is a bit of a self-funded mechanism in there to where the expected is what they expect you to pay out, the maximum is the most you could pay out. Right now with Blue Cross Blue Shield, no matter what, if we had the worst claims year in history of mankind, we would pay out a certain amount. If we had the best year and had a 2% loss ratio, we pay the same thing out. With Great West, the partially self-funded plan, there is chance where you could save money because all you pay is what claims are paid that month prior. There is an expected, there is a minimum which they had not included, but the minimum is fixed and it is always going to be more than the minimum. Once you meet the maximum, they charge it as a fully insured plan and you would spend any more than that. In this case, you can see they are both coming a little bit higher, the maximums are. They definitely show the maximums. The minimums, the low-option comes in a little low and the high-option, the expected comes in at 1% higher. The partially self-funded plan is a little bit different way to handle insurance as far as they draft the money out of an account electronically, that money just sits there, you are told within a week how much is going to be there. It probably wouldn't be the best situation because of those reasons. You have to be able to move money around pretty quickly to be able to have that money in that account when they say it is time to draft it out. But, this was something he wanted to make sure that they looked out.

Mr. Shaw stated, third, the next stage is, they stayed with Blue Cross Blue Shield in options geared toward that. The high-option with a 14% increase, taking out commissions, we do an RX change from the current, which he thought was a 10/25/40, to a 15/30/60 co-pay on the drugs. He noted that the yellow would be a package, commissions taken out and an RX change did have a 4½% increase on the high-options. Going in the low-option, Option 1 or Option 2 being in yellow, Option 1 being just the RX change minus commissions, you are at the same area that you would be with the high-option. Option 2 is actually changing that plan to \$1,000 deductible, 15/30/60 drug co-pay, \$35 office visit co-pay. Currently the office visit co-pay is \$25 on that plan so that would be raising that \$10. You can see that there is a little bit of savings there. There would be no increase on that plan, it would be actually a little bit of savings. That would be Blue Cross Blue Shield.

Mr. Shaw stated that the last part, he did not want to just throw these number out there and then them not being able to act as, really what they were hired to do, be the consultants on this healthcare issue. It is definitely a changing environment, it changes daily, they felt that is something they were brought in to do, to give recommendations. He thought that it would not be right if they didn't give them what they thought the Commission should look at doing. He thinks they are right in line with what they are talking about. The carrier choice, Blue Cross Blue Shield or Principal, both are really good carriers. Blue Cross Blue Shield is the largest insurer in the state and millions of insured, but that is something that he thinks is worth looking at, and Principal also. As far as administration, Principal has the on-line administration, which is just great. The only key to that would be educating employees on the differences and it is a different company with a different network. That would be their job to do that in whatever format they need to do it in, whether it be Health Benefits Fair or maybe they sign up for

meetings two weeks after the Health Benefits Fair to sit down and have one-on-one meetings with groups of 100 or more to explain the differences.

They had talked about the alternative funding arrangements, the HRA, where the fee is \$1,000 plus \$5 per participating member per month. Chairman Hufstetler asked if he had said that member would be like one person on the family plan. Mr. Shaw stated that would be a family and this is just talking about the employee, so that would be per person in the HRA. Chairman Hufstetler asked how many that would be. County Manager Poe replied, "470." Chairman Hufstetler stated that would 470 times \$5 times 12 month will be \$28,200. Mr. Shaw asked if they were talking about everybody going to this plan, the high-option plan. Chairman Hufstetler replied, "everybody going to the low-option plan."

Mr. Shaw stated that the next thing they looked at was the contribution levels and that was where he thought their consultant role comes in. Right now they currently have about 520 employees on the health plan. There are 510 on the high plan; and about nine employees currently on the low plan. In their opinion, that is not really a dual choice concept. There is not enough difference in the high plan and low plan for anybody to choose the high plan. Commissioner Fricks stated that he thought there was \$40 difference in premiums. Mr. Shaw stated that it was \$5 if you are an employee only, \$40 if you are a family. There is just not very much savings to go to low option. He stated that he thought that is what they are talking about, in showing an incentive, if they look at the contribution options on the last part, they have broken down as three tiers, right now at 75%, the County is paying 75% toward the high-option and 75% toward the low-option. If they were to go to one of those three, just toward the low option, at that point they would be giving the employee a choice. Do I save money and go the low-option? You can see in each one the employee savings, whether it would be bi-weekly versus annually, in the 75% a family annually could save \$418 by going to the 75% plan, by 75% being contributed to the plan by the County. With 80%, it gets to be \$1,000 for a family and when you go to 85% it is \$1,500. Whereas the whole time the County is saving money on all three options, obviously more when they go to 75% of low-option, a little bit less at 80% and a little bit less at 85%. In their opinion, that is what the point of a dual option concept is, so they can say, here is the low option, but if I want the "Cadillac", then I will buy up to that plan. You can see what it will be on that, the additional cost to the right, if those employees stayed at the high-option. For example, the 75% cost them \$25.70 more than the \$618. He stated that 75% will probably be a pretty big chunk to those employees to have to buy up to. He did not know if that would be the option, but the 80% would be \$17 for an employee and \$52 a paycheck for the family, you are talking about a pretty good difference. But they are saving if they go that plan they are able to save so much as well. Commissioner Fricks asked if this is based on numbers from Blue Cross Blue Shield's current proposals or existing. Mr. Shaw stated that this is existing, this is Floyd County numbers. He stated that the 85% would cost the employee \$9.56 more per paycheck and for family \$26.68 per paycheck which is about \$688.35 for the annual increase. That would be more of incentive if they had the HRA in place, the low-option and the contribution changes, so it would be a double incentive to go the low option. He stated that there would still be some people that feel like they need

to have high option, but they will be given a choice. Chairman Hufstetler asked if the high-option is Blue Cross or Principal. Mr. Shaw stated that the plan they are looking at here is from Blue Cross Blue Shield. Chairman Hufstetler asked if they all had commissions in them. Mr. Shaw noted on the form which had the commissions taken out of the page before. Chairman Hufstetler stated that he guessed his point would be back on the 75%, if they have to turn around and pay commissions, then it would actually not be a savings, it would be a loss to the County. Mr. Shaw replied, "That would be for the County, that is correct." Chairman Hufstetler asked about the one that Commissioner Fricks was talking about back on Principal. Mr. Shaw stated that he did not put in the Principal options compared to this because they will pretty much follow the same way, because they are all right around the same numbers. Commissioner Fricks noted that there is a pretty big differential on the Principal numbers. Mr. Shaw asked if he was referring to the difference in the *call*. Commissioner Fricks stated that on the projected numbers, they are not looking at a lot of difference between, like the range is a lot wider between Principal than it is from Blue Cross Blue Shield and the difference in the premium cost, so you will have a substantial difference in savings. Chairman Hufstetler stated that if he understood what Commissioner Fricks was saying earlier, was that you leave the premiums the same on the deductions, the County then on this one will have to pay the commissions out of their savings because these don't have their commissions in them. They are paying the Health Fair and reimbursement of the deductible. But, then you kind of have a transition into the HSAs, it is \$750 versus a \$1,000. There is some incentive there just like the HAS's have it. You have kind of made a transition so that when they do become available, United will be available this summer and Blue Cross thought they would have it fourth quarter, you have sort of steered it in that direction. He thinks consumer driven is the only way the savings will be there. Commissioner Fricks stated that the net effect to the employee would be that their deductible would stay, they would decrease their co-pay by \$10 per visit, they would really not affect their deductible, their out of pocket would increase by \$1,000 and everything would stay and they would have the potential of additional reimbursement of \$300 per family or \$100 per person if they didn't meet their deductible. He stated that what you would do is basically start implementing some savings there and kind of transition in the HSA or either self-funding. Mr. Shaw stated that he thought that it had to be done in steps, you can't just throw it all out and say now we are consumer driven, this is the way it is going to be. Commissioner Fricks stated that for projected budget, we budgeted a 15% increase this year. It would be a good scenario if they could keep it flat for the employees and not really change the affects of their exposure. He stated that would be the ultimate goal here, try to do that. A zero effect would be the ultimate goal and that is pretty much the only thing that would effect is out of pocket and looking at the statistics, there are very few people that would be affected that hit that maximum out of pocket anyway, so you really would not be affecting maybe 22 and you would only affect them by \$1,000.

Mr. Shaw asked if there were any other questions for him. Chairman Hufstetler asked if there was anything that said they could not reimburse the employees their deductible. Mr. Shaw replied that is totally in-house. Commissioner Fricks asked if they could do the incentive if they didn't . . . Mr. Shaw stated that he thought Principal would pat them on the back and say and Blue Cross would too. You are trying to help them out

as well because with the cost of claims. He stated that he would see no problem with them. That is a totally a HRA context, in-house. Administratively, his only concern is private health information. When an employee comes in and says they have reached this deductible, we have to be very careful how. . . We don't want to know how it was reached, although that is why you hire TPA to do those things, it is outside of the County. We don't want someone knowing that information and you have to be very careful with it. Commissioner Jennings asked the cost. Chairman Hufstetler stated that the Third Party Administrator is \$28,000, plus the \$1,000 set-up fee. Mr. Shaw stated that was if everybody went to the low-option. Chairman Hufstetler stated that is what they were talking about doing, saying this is it, we will reimburse your deductible. Commissioner Fricks asked why they would choose the other option if basically the only affect would be one thing, your out of pocket. Mr. Shaw stated that he could see what they were saying, but he was just thinking of the having an option, and with that one, there wouldn't be an option, it would be this is the plan I have to go with now. He stated that in four or five years that is what they will be looking at anyway. Chairman Hufstetler stated that the difference is that, on HSA, if they went to that next year or whatever, the employees at that point would get all of the benefit and all the risk with that higher deductible. They would have to pay it, but on the other hand, they could take all that money and bank it in a saving account if they didn't spend it and hopefully you have enough good years to bank it for that bad year that you might have.

Commissioner Jennings stated that if they go this route, they really have to give some thought as to how this is communicated and how are the employees educated. Mr. Shaw stated that would be key. Commissioner Jennings stated that he is having difficulty understanding it and he is probably less intelligent than the average Floyd County employee, they are smart folks, but we have to pay attention to how we handle this. Commissioner Fricks stated that they had talked about that a lot, you can't really communicate it in the Health Fair, it will have to in one-on-one meetings and he thought that it would be easier to present the steps to take than it would be the concept and right now we are talking about the concept more than we are how does it work. He stated that he thought that they would then have the employees plug in how it affects them and different scenarios. They will plug it in for themselves and figure that out. Commissioner Fricks stated that the potential exposure for anybody shifting that low to high-option, you are going to have to cover their exposure by some means and just a reduction in their withholding is not going to be enough really to give them that incentive in most scenarios. So, if you cover that basis with the overall plan, through the reimbursement plan, it is going to give them the incentive and hopefully affect them. And then, they are going to start caring more about some of these Health Fairs and some of the effects of wellness programs. Health issues will be a key to them when they start shifting to this, even if they ever get to the point where they are self-insured. Mr. Shaw stated that he thought the Health Fair was just kind of kicking things off, he thinks next year they will have it more health oriented and have some of these tests and he thinks that it needs to be more and more of maybe some diet programs and all kinds of different things they can do with these Health Fairs. He stated that Floyd Medical Center is a really good resource to be able to do these things, as far as education; they will come in and do all kinds of things. He thought that was something they definitely need to look at.

As far as education goes, he thinks that would be neat, during the Health Fair which is next week, we could have listings of meeting times from different meetings and do them over a three day period. He did not know how exactly that they would do that, but they could set them where they would get all of the shifts and different folks at different times to make sure, and it will just have to be mandatory, you have to come to the meeting and check off that you came. He stated that is crucial. If they don't do that it will come back around to say . . . Commissioner Jennings stated that he thought before they do those, they choose five or ten employees and you run what you are going to say and you have them critique the presentation to make sure you have it where it can be understood. Mr. Shaw agreed and stated that they speak in insurance terms a lot and this goes over everybody's head. Commissioner Fricks stated that primarily today, the biggest point is they have to get direction to start heading in and set our withholding amounts from employees because that is subject to be changed now. Chairman Hufstetler stated that under this plan, there would be no changes unless they changed dependents went from family to single or vice versa. Commissioner Fricks stated that they still have time to research and look at the network, but it looks like Principal is the best scenario here, if everything pans out with the networking and all fits in here and the ultimate goal always being keeping it flat and not increasing the employee deductions whatsoever. Chairman Hufstetler stated that the other point they need to educate as well would be the employee reimbursement plan. He wanted to make sure that everybody understood the scenarios. Commissioner Fricks asked if they would continue the Flex Spending or would just convert it into a single. Mr. Shaw replied that he thought they should because those are two different things, until they get the HSA, because then there is an account. Before that, if they just did this, there is more of a reimbursement type of plan, but that is really what an HSA is also. He thought they would really have to look at that. He stated that he thought there were 20 employees on this currently and they just offered it the first time this year. It is a plan where you pretty much say you put "X" number of dollars in per paycheck, and it is going to build up to this amount at the end of the year. But, during the year, I can go to CVS or to WalMart and buy any type of medical type expense product. It doesn't have to be a product, it can be eye exams, it can be you name it. Now the federal government has allowed them to over the counter drugs as well, Nyquil, Tylenol, all of those things you can buy with your flexible spending account. That account is being administered by a third party administrator now. That money is sitting there and it is coming out each month to that third party administrator. "So when I go to CVS, I get my receipt, fill out a claim form and send it in to American Fidelity. I have received that money back pre-taxed, so the incentive is that I saved money buying that product with pre-tax money." Commissioner Jennings noted that the full amount has to be spent in that calendar year. Mr. Shaw replied, "That is correct, use it or lose it." He stated that is the biggest turnoff of an FSA is that by the end of the year, and one of the things that will help that is over-the-counter drugs. If they know they have \$120, they will go stock up on Nyquil or whatever they need until the end of the year. Commissioner Fricks asked if they would apply that to the deductible as well. Mr. Shaw stated that they could, the deductible and co-pays, not to premiums, the premiums are coming out pre-tax already. Everybody has those, at least it will be \$750, that is why he does not think they would get rid of, because it would help pay for the deductible that they might have to pay. Those things will have to be explained thoroughly. County Manager Poe asked if April 7 had to

be a drop-dead date to do this. Mr. Shaw stated that it would not. What Commissioner Fricks had said was exactly right, they have plenty of time to actually, give them direction of what you need them to do, then they can get things done, they need to tell the carrier by the 15<sup>th</sup> or 20<sup>th</sup> of this month, so they can get cards and things like that if there is a carrier change. It is going to be an ordeal, no matter. Chairman Hufstetler asked if they were talking about a May 1<sup>st</sup> change. Mr. Shaw stated that May 1<sup>st</sup> is the effective date. Chairman Hufstetler stated that from past experience if they wait until the 15<sup>th</sup>, they will have a hard time getting education out there. If he is telling them the network is essentially the same as Blue Cross, then he is ready to do that right now, but he did not know if everybody else is. Commissioner Bennett stated that he would too, they just don't need to be changing a bunch of doctors. Mr. Shaw stated that he could probably lay them down side-by-side, say this one is not in, this one is. He stated that it used to be paper books, but now it pretty much done by internet site now, so he could pull one from the internet and then the other one from the internet and compare them. Commissioner Jennings stated that in terms of Floyd County and maybe northwest Georgia, who else, major industries, business or governmental agencies, uses Principal? Mr. Shaw stated that one of their larger carriers is F & P Georgia, they have been with Principal for . . . This will be their third year this year. He stated that that they had a number of groups in the Canton area that are on Principal, a number of groups, and he could definitely give a reference list, he is sure that are with Principal. Principal is one of the larger health insurance carriers in the country. He stated that he could get with the networks information and maybe some references for them to check. Commissioner Bennett stated that they are familiar with this market, it is not like they are coming into the market and don't understand what they are doing. Mr. Shaw stated that they definitely are in the market and underwrite pretty aggressively. They have seen all of this before and one thing they have to remember is that if you direct yourself high you potentially come underneath that because he thinks the numbers are going to start to coming down. He thinks they are in a down cycle now. Commissioner Bennett stated that he wondered if they took into account, knowing our expense ratio, if they have factored that to come up with this as opposed to Blue Cross. Mr. Shaw stated that they have, they were given two years of loss experience to get those numbers, so they had last year and this year. Commissioner Bennett stated that if they keep taking on employees and they don't see a credit in their insurance rates, they are going to be fussing, and he does not blame them, if they are encouraging with these Health Savings Accounts and all of this other stuff and then they don't use it and then they don't see a savings on it. It is a challenge for these insurance companies and to us too. Commissioner Fricks stated that he thought by them doing the incentive program, one thing, when they were going that payout where they were 110%, they started off with a zero deductible, zero co-pay. It was just unbelievable. He thought they were at 99. County Manager Poe asked, "zero deductible?" Commissioner Fricks stated that he knew they had zero deductible, and he thought it was zero co-pay. They were just going up the ladder with PPO. Mr. Shaw stated that is what they are on now, you have just increased deductibles and co-pays and to fight the increase. You go to a higher deductible, with higher co-pay, with higher prescription co-pay. Commissioner Fricks stated that what you are doing is leveling off that cost of insurance somewhat by doing that, zero deductible, zero co-pay it is cheaper for you to go to the doctor and pay \$5 on your co-pay on a prescription than it would be to go to K-

Mart and buy cold medicine. Commissioner Bennett stated that was why everybody was going to the doctor. Commissioner Fricks stated that was kind of the incentive and he thought they had seen the effects of that. Mr. Shaw stated that is where everybody was and everybody is heading toward the angle they are going now. They are skinning the game for them. The employee has to think twice now before going to the doctor because I have a cold, I have to think twice before I go get this, may I have gone twice and he has asked me to come again and I don't need to come again. He thinks that there is incentive involved and however that is, he thinks it is a good thing. Commissioner Fricks stated that they want to promote use, but eliminate abuse. Commissioner Jennings stated that he thought the other key thing they are hitting on is healthy practices and anything they can do to reduce the number of cigarette butts outside of the Courthouse and whatever we will have a healthier workforce. Commissioner Fricks stated that is what they were talking about like even at the Health Fair, if the YMCA is going to come, they need to offer a program, they need to offer discounts to employees or if recreation fitness, they need to bring something to the table to promote people to join and they had talked a little bit, but have not checked into it, to set it up as a payroll deduction on a membership fees or different things like that and they offer discounts for that. Mr. Shaw stated that they offer discounts if an individual uses a bank draft, and it is \$10 cheaper if you go through the payroll of your employer. He stated that the problem is how many more lines are available on the County's paycheck. That is something they are looking into and there are some things they can do in the future to offset that and he thought that is what they are going to do work on doing at the end of this year as far as some other insurance products that they can combine instead of having them all detailed out. He does think that is one of the places to go and the YMCA is coming to the Health Fair and they will be offering those discounts.

Chairman Hufstetler stated that they had a couple of more issues to discuss besides this one so they needed to move on, but if they are comfortable with going ahead and acting on this, contingent upon the network being there or something. He stated that they (*Garner & Glover*) hadn't been through a transition with them (*the County*), but it really worries him that if they don't get started now, they are going to have a hard time. Mr. Shaw stated that he worries about cards and those types of things. He agreed on the sooner the better. Chairman Hufstetler asked if there was a Motion from Administrative and Finance. Commissioner Fricks made a MOTION that they move ahead towards the potential low option for all of the employees if everything pans out like they have projected and setting up a Health Reimbursement Plan and with the Principal Financial Group, unless they find out they have a very weak network or some other issues, we just move forward. He stated that he would assume they have time to present that, he will keep everybody informed. Chairman Hufstetler stated that the deductions would remain the same and the County is going to reimburse the difference from the \$250 deductible and \$750 deductible. He did not know how to word that on the reimbursement, but the folks that don't use the deduction are eligible for up to \$300 per family, if nobody uses it in the family. Commissioner Fricks stated that a single employee would get \$100, if they don't meet their deductible. He stated that he thought they would need to use some leeway on that to kind of look at and add the numbers back and forth because they are trying to do a little bit of research about how many people met their deductibles last year

and different factions like that. That is kind of the area that they are looking at. Commissioner Fricks stated that was a long Motion. SECOND by Commissioner Bennett. Chairman Hufstetler stated there was a Motion and Second and asked if there was any other discussion on this.

Commissioner Jennings stated that he thought the point was that they still need to iron out and have the specifics of this plan, as far as the reimbursable, if the deductible is not met, the reimbursable from the \$250 to the \$750 and that needs to be clear, that they are going to have a third-party administrator so he would expect that Chairman Hufstetler, Commissioner Fricks and County Manager Poe would be coming back to them with the specifics of the plan. He thought what they are saying today is that they do want to move forward in this direction. He asked if he was correct in that. Commissioner Bennett stated that basically they are moving forward with Principal and the transaction with the employees is to be determined. Chairman Hufstetler stated that their next meeting is not until the 13<sup>th</sup>. Commissioner Fricks stated that he would say to move forward with that unless there is an issue. If there is an issue that pops up as they pursue this further, they might have to have a Called Meeting. Chairman Hufstetler stated that he would not want to wait until the 13<sup>th</sup> and give Mr. Shaw the go-ahead because then his feeling is that they will not have cards on May 1<sup>st</sup>. Employees will be saying they don't have a card, they don't have insurance. Commissioner Jennings stated that they did not want to go through that. (*Comment made by County Manager Poe was not audible.*) Chairman Hufstetler stated that either way, he is fine as long as the network is there, that is really the issue. He thought they had said that they would pay their deductible. If they don't use the deductible they will pay up to \$300 on a family plan. Unless they see something in the network that is not there, then he would say they come back. He stated that he does want to get moving on it and make sure they have cards if they are going to do this. Mr. Shaw stated that if that is the case, then, they ought to talk to Commissioner Fricks and County Manager Poe, but he did not think they had to not do the education at the Benefits Fair. And they can set up times for these employees to come and they just have an education going on and still be at the Health Fair and those people that go to the Educational and then Health Fair and they go to the next group. Commissioner Fricks asked if all of the details could be ironed out by that time. Commissioner Jennings stated that he thought they need to get a sample of employees and do their presentation before they start doing it because they are great people to come up with questions that you haven't thought about. Commissioner Fricks stated that when they view this thing they think about what questions will be asked, he knew that mail order drugs were a big issue. Commissioner Bennett stated that mail order drugs will change around and they will have to go through some changing on that for people who order those drugs. Commissioner Fricks stated that actually you will have to change it, but when they have changed carriers before, the transition wasn't as big of a concern as the continuation of that benefit.

Chairman Hufstetler asked if there was more discussion, if now they would call the roll. VOTING:

YES

NO

Commissioner Fricks  
" Mayes  
" Jennings  
" Bennett  
Chairman Hufstetler

Motion Carried

**DISCUSS PROPERTY AND CASUALTY  
INSURANCE PROPOSALS.**

Chairman Hufstetler asked if there was a recommendation from Administrative and Finance or the County Manager. Commissioner Fricks stated that last time they had talked a little about where they are in the process. At the Administrative/Finance Meeting, they had requested that the numbers be presented. They did not have them from the ACCG representative by the Administrative/Finance Meeting. He had gone out and collected numbers from about three different carriers and brought the best numbers that he had. After that, there was about a six-day period prior to the last Caucus Meeting when Larry Johnson brought the numbers in. Idealistically that is when they take action on the Liability Insurance. He stated that the proposal had three options. He thought the best comparable one . . . He thought County Manager Poe had met with a third party person to do a comparison and County Manager Poe had stated that the best comparison was Option 2, which is what comparison to what Brown and Brown had submitted. It was noted that the \$21,000 surcharge was included in the cost and this would make the cost in subsequent years \$21,000 less. Commissioner Fricks stated that the fallacy, he did not know where, but he thought they were going to work on the process for this thing next year. They know when they need to take action on this. They can back it down to a specific date. This is pathetic that they are here on a Called Meeting and having to take an important action like this. What if three of them were out of town, they would not be able to do it. They know when the deadlines are and they know what they need to do between the times that they look at the proposal and then they take action. The one thing that has frustrated him was the lack of time that they have to be able to react and compare the pricing and the evaluation of such a complicated issue has been concentrated into just a couple of days. He had told Larry Johnson that they know when they need to vote on it, they know what date the coverage lapses and they need start with him and for him to back the numbers out and give that a distinct deadline, if they don't meet it, you don't consider that proposal. Again, on this one, County Manager Poe had told ACCG that they needed it by the Administrative/Finance Meeting. The purpose was to review it and compare at that meeting and then they would make the recommendation. He stated that what happened was that Mr. Johnson had gotten on the telephone to find out if they had the proposal in and he was told on the telephone that it would be in in the a.m. in the morning. What happened was that actually six days later they received the proposal, right before the Caucus Session. That is the troublesome part to him, how they handled the process. They want to keep the process fair and equal to everybody. If we are told that is when we are going to compile the numbers, it is a very competitive nature he thinks and he noted the

differentials of number, about \$21,000 of potentials of savings. The process is troublesome. Chairman Hufstetler stated that they had had two zoning lawsuits this last year and he asked where the money was charged to. County Manager Poe stated that the current program they have, they have zonings covered under ACCG Plan. Chairman Hufstetler stated that they had been told at the State level that we are way below average on zoning lawsuits. They only had two this year. County Manager Poe stated that when you have cases dealing with zoning there is typically not monetary damages involved because it is a no exposure and they typically use the County Attorneys on these cases. Usually what comes out of that is that they say you can or can't change the zoning. It was asked if they every get economic damages or anything. County Manager Poe stated that typically not. Commissioner Fricks stated that they are going for it and in one case that they have pending right now, that is their intent. Chairman Hufstetler stated that his question was not the coverage, but the defense, is that paid by the insurance company or the County? County Manager Poe stated that at some point it ends up being the insurance company. County Manager Poe stated that he should mention that if they look Option 2, compared to ACCG and the proposal by Brown and Brown, it is still not totally apples to apples, there still are some areas where you have lower premiums shown on the Brown and Brown proposal. So there would be some opportunity where they could go back to Rhett Butler and say, instead of having \$2,500 deductible, we want to go to \$5,000, what would be the value of that. And looking where there are differences, get him to re-price those. Where there are changes, he usually had a lower deductible than ACCG does. Chairman Hufstetler asked if they would have to stay in it for a longer period of time. County Manager Poe stated that they would be obligated for 30 months, on a 10/1 renewal. Chairman Hufstetler asked if there would be a guaranteed rate on annual renewal. He stated that he did not think they had a bad history of going up. County Manager Poe stated that if they went with ACCG, he thought they did this last year, but they would ask them, because they have an October renewal, to lock us in for 20 months. This would mean being on the plan for eight months and then have it re-rated and be locked in for 20 months, until October, 2005. Commissioner Mayes asked the possibility of an assessment since they don't have any limits

on . . . Chairman Hufstetler stated that was kind of the thing out there, you normally wouldn't think it was going to happen, but if something happened in another county, the whole pool would have to ante-up for it. Commissioner Fricks stated that County Manager Poe had mentioned that he had talked with Matt Sermons,

who had reviewed both policies, who said that the key to that is the strength of your reinsure. The no aggregate limits here and you have potential exposure there and the biggest thing is the strengths of re-insurers of ACCG to cover you for that, and that he really does not know. Commissioner Mayes stated that would be us, anybody who is in the pool. Commissioner Fricks stated that the re-insurer covers you outside the pool, then asked if he was correct. Commissioner Mayes stated that it was his understanding that they did not have re-insurance. County Manager Poe stated that if they were referring to ACCG, they do have re-insurance. They have to or would not be able to operate. Commissioner Fricks stated from that, the question was, who was the re-insurer. County Manager Poe stated that there was interest in the financial stability of ACCG and who their re-insurers are and their financial stability, that was a critical point for any pool type program. Chairman Hufstetler asked if there was a recommendation. Commissioner Fricks stated that he would recommend that they stick with the proposal from Brown & Brown, but

consider going back and looking at some of the differences in deductibles and trying to renegotiate some of the areas there. He stated that he did not want to have the appearance that they are not giving it a fair look, and he hoped that they did and he would say that he was tainted a little bit through the process this year, not by persons, but just by the way the process was taking place. He stated that he thought it could lean either way. Before they see a substantial change, \$22,000 is a substantial amount of money but it is a justified switchover and change as well. Being a two year commitment, he would say that they continue on. (*The recommendation was made as a MOTION.*) SECOND by Commissioner Bennett, who clarified that they were saying to go back with Brown & Brown. Chairman Hufstetler stated that if he understood the Motion, he was saying that they would go back and revisit some areas to lower it and will report back to the Commission. Commissioner Jennings stated that if he understood the comparisons that they had made, the one major area that the Brown & Brown Proposal has that the ACCG Proposal doesn't have is the coverage in zoning disputes and then if there are monetary damages. (*Comment by Chairman Hufstetler not audible.*) Commissioner Fricks stated that there were also differences in the aggregate and some of the deductibles have variations also. Some of them are higher deductibles from ACCG proposals and those of the areas that we will go back and see what . . . Commissioner Bennett stated go back to Brown & Brown and see if they can get additional credit for that to shave off the premium they are quoting. Commissioner Fricks stated that also they are going to evaluate and make sure they don't increase their . . . He knows that they had a \$5,000 deductible and they were talking about the frequency of times that they met that deductible. The question is if they are meeting it pretty frequently, they don't want to raise that deductible to \$25,000. He stated that he couldn't remember the area when they were reviewing them, he thought it was Jail Related Claims, that is probably their most frequent deductible. He stated that he thought that was a \$5,000 deductible on the Brown & Brown Proposal and it was probably the most frequent deductible that they hit all year. It is probably the most potential. It was either Jail related claims or Law Enforcement, he can't remember which one. Commissioner Jennings asked if those two were comparable. Commissioner Fricks replied that they were. He stated that one thing that had substantially changed this year, both with the current coverage and the past, your legal was outside your deductible. Now your legal is being applied to your deductible so you are going to meet your deductible a lot more often. Commissioner Jennings stated that he was going back to last year and trying to remember. It seems to him that if ACCG has a better than average year in terms of actual payouts and use, that they maintain a certain amount of money, but they distribute back to the counties dividends based upon how the whole pool does. He asked what that was last year for participants. County Manager Poe asked if he was asking how much they distributed. Commissioner Jennings replied, "Yes." County Manager Poe stated that he did not know. It was noted that this past year it was \$750,000 for the whole pool. Commissioner Jennings asked what, and he assumed it was based upon premium if we had been a part of that pool, would be the distribution of Floyd County last year? It was stated that to be fair, it usually takes about five to six years before you would get a dividend because you are developing equity, kind of like a co-op. The gentleman speaking stated that he could find what a county of similar size received. Commissioner Bennett asked if they had not looked at a plan not long ago on that and turned it back around because of the dividend. It was stated that it would be approximately \$48,000. Commissioner Jennings

stated that after some years within the program, but he is talking about close to \$50,000 on a good year. They are talking about the difference between the premiums of \$20,000, they are talking about another \$20,000 with this one time \$21,000 set-up fee. Now you are talking about a \$90,000 difference as opposed to being able to get . . . Commissioner Fricks stated that you have to go back and look at the history, Commissioner Jennings is counting it as an annual potential. In reverse, it could be in the negative as well, it can be affected either way. It is hard to project. If the projections were accurate, you would be equal, you would either not have a dividend or additional payment either. Commissioner Fricks stated that one of the discussions in the very first meeting they had, they reviewed a number of the issues that, he felt like, were some real problems with their service and they did talk about that. He stated that if you have to look at a negative, that would be definitely a negative this year. Commissioner Jennings stated that Brown & Brown were very aware of that distinction and difference last year. Commissioner Fricks stated that there was actually a letter and he went through the contents of the letter addressing those issues. He stated that one of the things he thought in the requirements that weren't met, was that he thought they should be held responsible for everything that there was a commitment to do. He thought there were some real issues about not doing that and no matter what they do, they should demand that service this year, but they should not wait until the ninth hour to make those demands. Sometimes he thinks a monthly review is in there. They need to establish what the expectations are early on and be very definitive about what the expectations are. If they are not met the first month, they need to be responding, "You are not doing this," at that time. Commissioner Fricks stated that he thought that even in the process, the looseness of their process is really troublesome to him this year. Trying to be fair is the hardest thing in the world to do. He stated that, point blank, it really put them in a bad light about the process of not receiving the second set of numbers in a timely manner. Actually Rhett (*Butler*), during this process with Brown & Brown withheld his numbers because he did not want us to shift them back and forth and he thought vice-versa. They had said that the numbers from ACCG would be in and it had been communicated by County Manager Poe that this is the deadline. Commissioner Fricks stated that whether there is any faction to it or just a suspicion of anybody transferring numbers, and he is sure that is what it is, it just makes people feel uncomfortable about presenting their numbers while there is still somebody out there ready to place numbers. They don't want to work off of each others numbers. They had told Rhett (*Butler*) to bring his numbers, he had actually prepared them before and would not give them to them because of that scenario. They anticipated them both being there and they made him feel secure. He probably would not have presented his numbers if they had told him they weren't there. That is the whole thing to him, yes, they probably need to look at it if they were a lot different, but just our process, he did not think they did a good fair job in the process. He wants to be fair to both ACCG and our local carriers as well. That is real important to him and he wants the best insurance for Floyd County. One thing he had done was to check with County Manager Poe. He had a strong conversation with Larry (*Johnson*). He was making sure that they provided them all of the information they needed in a timely manner and making sure that they knew the time that they needed to respond to. Say, for example, they did not have another bid from somebody else, they would then be sitting in the last Caucus Meeting getting the numbers prior to then and they would not have proper time; they are having to have Called Meetings; they just need to stay on their deadline. When he goes back and

reflects on the process, the product is very equal here and what leans him toward the other product is that they did at least meet the deadline criteria of them providing numbers. That is the biggest factor to him. He thinks it is potentially something they need to continue to pursue in the future. But, he thinks in the future they need to tell them what day the bid proposals need to be in. They have an outside perspective on reviewing them and comparing them because everybody is going to critique everything in different ways. If they don't come in within that deadline, we don't consider them. The process is more troublesome to him than the product. There is not a tremendous amount of difference in the product this year either.

Commissioner Jennings stated that they are going back to Rhett (*Butler*) and taking the ACCG proposal and saying to him, "let's see if we can get this premium down by reducing the deductible." Commissioner Fricks stated that is the reason they asked for proposals. If you take a straight bid, you just leave it straight in the place, and you just pretty much go from the numbers. If you take proposals, you look at the element. That is the reason you do that, to allow some tweaking. Unfortunately, the date and the shifting back of the time hadn't allowed a lot of it, that is why they have not gotten it already. If they had had them both at Administrative/Finance, they could have sent them back to both of them and said, "We feel like these are the strengths and weaknesses, can you do better in this area or this area?" Because of the delay in the deadline, they did not have that convenience and they would have brought back a proposal . . . He thought they had done that last year, they looked at them and tweaked them a little bit on the basis of that and then came back with a recommendation. He noted that Administrative/Finance didn't make a recommendation this year because they weren't available to them to do that. Commissioner Jennings asked why they did not go back to both carriers to do that, now that they have seen the numbers. Commissioner Fricks stated that this has to be done tomorrow. That is the problem, tomorrow is the day you have to have insurance. He stated that is why he gets frustrated, the lack of consideration of the deadline. Commissioner Jennings stated that it happened to us last year. Commissioner Fricks stated that not last year, but it was done two years ago. He stated that last year they had received a bid from ACCG and they were reviewed at Administrative/Finance and the recommendation was brought to the full Board and action was taken.

Commissioner Fricks stated that what he is saying, this is a Called Meeting, it is public notice, it is different when you are sitting there in your business, being able to make a decision, but when you have to put five people together, you have to send out public notices on the meeting, there are criteria and deadlines. Suppose three of them were out of town right now, they would be totally out of luck. Commissioner Bennett stated that they needed to put a check mark on their calendar to submit proposals for insurance rather than it creeping up on them. Chairman Hufstetler stated that last year it did fine. He and Commissioner Fricks are in transition, but Larry had been there every year. Commissioner Fricks stated that he was frustrated because somebody needed to say, "This is the deadline." He asked County Manager Poe if he had not told him (*Larry Johnson*) what the deadline was. County Manager Poe replied that he had told him that it was due by the Administrative/Finance meeting (*Tuesday*). Commissioner Fricks stated that the meeting was changed to the next day, Wednesday. Commissioner Bennett stated that in order to

properly evaluate the ACCG also, we are now saying that because they have a right to adjust us up, next year, cannot they do something like our health insurance, based on our past history, what our adjustment will be or won't be. It seems that instead of leaving the door wide open that they should be able to cap that, on adjusting the second year premium. He asked if he understood that they are saying that this is a first year premium. County Manager Poe stated that if they go with ACCG, it is basically an eight-month premiums because they renew in October, but they would ask them to lock it in for the next year also, which would make it a 20-month premium, if they would be willing to do it. If they go to ACCG, they need to do it based on that being the case.

Chairman Hufstetler stated that he does not know of anybody that is happy with this process, it is kind of frustrating. Commissioner Fricks stated that he had made a Motion. It was noted that Commissioner Bennett had Seconded the Motion. Chairman Hufstetler asked that the roll be called. VOTING:

YES

NO

Commissioner Fricks

" Mayes

Commissioner Jennings \*

" Bennett

Chairman Hufstetler

Motion Carried

\* Commissioner Jennings stated that he is frustrated with this process and he thought they had a good option with our Association and therefore is voting "No."

Commissioner Fricks stated that truly, he wanted be fair with everybody. Commissioner Jennings stated that he was not sitting in Commissioner Fricks' position, having gone through it, other than they have been through it, it seems like every time they have had to deal with this. Commissioner Fricks stated that he hoped that they continue this process, but he hopes they figure out a method of doing it so there is a third-party to evaluate that they get good recommendations. That they not have anybody bidding on it that is a carrier, and have somebody evaluate it. That it be done in a timely manner so that they can tweak it and go out for changes. That would be his goal to be able to move the process to that point. Commissioner Bennett stated that maybe they need to go this afternoon and mark next year's calendar in order to get it out in time. Commissioner Fricks stated that it is his understanding that there is a 30-day period that they can get their claims history and from that point in time, when they get the claims history, and the information provided, you have to back the calendar down from when you can take action. He stated that he had told Larry Johnson the other day that he knows when the information is available, start on that date, get the information out as quickly as possible and then back your calendar back and just give that as a distinct deadline. But allow yourself time for evaluation and comparison and don't ask anybody for any numbers until everybody is sitting there, almost like a bid opening. He stated that he was sure that they would still

have to tweak. They do need a professional that is not tied to anything that looks and says, "okay what is the best for Floyd County." He thought that County Manager Poe had done that somewhat today, but they are last minute, quickly, trying to do this. County Manager Poe stated that they needed an advisor on the levels of deductibles. He stated they could look at the past three to five years claims experience and make recommendations because they have different proposals with different deductibles, and try to up-front determine what is in the best interest of the County and then go out for bids. Commissioner Bennett stated that he was saying that a Request for Proposal would specify that. Chairman Hufstetler asked that they move on to another issue.

Commissioner Jennings stated that the zoning issue is a troublesome one he thought. Obviously, they were going to find out whether monetary damages are part of that process or not. In his mind, Floyd County, is just on the beginning edge of zoning disputes. He thinks they are going to start seeing more of this as growth occurs. He thought that is an issue that has to be resolved. Commissioner Fricks stated that there is one difference, they are covered under the current policy, but they are not . . . Commissioner Jennings stated that is a significant factor and in the course of this year they will have to find out whether what they were saying is . . .

**DISCUSS PURCHASE OF SEVEN (7)  
POLICE VEHICLES.  
(DEFERRED FROM MARCH 23, 2004 MEETING)**

County Manager Kevin Poe stated that this carryover item from the last meeting is now on the table. There were prices on both Crown Victoria's and Chevy Impala's. They had basically budgeted for the midsize sedan in the Budget. It is for consideration whether they want to go ahead with Chevy Impala's. Commissioner Mayes asked if they had received any research. Commissioner Jennings stated that he had asked Assistant County Manager Rich to find out . . . Assistant County Manager Rich stated that he did not know if the Commissioners had copies of the research done by Chief Bill Shiflett and basically asked the question of what about the training. The training is feasible and could be done, they basically would have to provide the cones from the training. He stated that it would be at the Training Academy in Cave Spring. Evidently they could get the training. Assistant County Manager Rich stated that Chief Shiflett had gone on to outline what would be done with the cars. Briefly, if they went with Fords, two would be for Investigators, five for the Patrol Division, so that would be the plan. If they go with Chevrolets, five would be at the base cost for investigators and two would be the Package A, which is pursuit. Getting into the question of what is going to be used, they are happy to take what they are given and they will work it in and use it and they are glad to get anything. That in summary is what the Police Department has said.

Commissioner Bennett stated that on that basis, he would like to make a MOTION that they purchase two with Package A and . . . Commissioner Jennings asked if that was Crown Vic's. Commissioner Bennett stated that everything would still be Chevrolets, but will be . . . Commissioner Jennings asked if Commissioner Bennett was comfortable with sending somebody out with a 6-cylinder engine in a patrol vehicle. Commissioner Bennett stated that they may not be able to chase somebody down that has a 405 Chevrolet Big Block with Corvette suspension and all of that stuff. They may not have been able to do that anyway. Commissioner Bennett stated

that he is basically saying that they need to do a test. Nobody would want to put anybody at risk if they are in an unsafe automobile. He stated that they do have different handling capabilities, he thought. If you go to Europe, everything over there is front-wheel drive, so it is not like it is a new technology, that never has been used nor never been used in this position.

Chairman Hufstetler stated that he is confused. Didn't they say that if they got five of them, they would go to Investigators? Assistant County Manager Rich stated that was correct. He stated that he could elaborate a little further with another area. If the Chevrolets are purchased, they will place five of the units in the Investigation Division, instead of two. Five of the lowest mileage Fords in the Division will be placed in the Patrol Division. They are looking at basically, what are they going to receive, regardless they are going to surplus seven high mileage vehicles and will try to best work with what they receive. Chairman Hufstetler stated that they are going to take all five and give them to Investigators so it really wouldn't really be pursuit vehicles. Commissioner Bennett stated that two of them would be pursuit vehicles and he thought that if nothing else, that was kind of a test. Let's try it, they are used for this by other places. Commissioner Jennings suggested buying two Crown Vic's to be pursuit vehicles and five of the others to be the Investigators vehicles. The Investigators are used to driving the bigger cars they have. Commissioner Mayes stated that he would be more agreeable with that, that is still a test. Commissioner Bennett asked how they were going to test it as a pursuit vehicle if they, in fact, don't have it as a pursuit vehicle is the point that he would try to make. And, if in fact, that it is unsatisfactory, they still have an opportunity to say we are going to take that as a pursuit vehicle and it really isn't a pursuit vehicle and we are going to convert it to the Deputy use next year and move it down into the Investigative Division. He is saying that they won't know unless they try and they do not want somebody getting out there getting hurt because they are used to the rear end coming around instead of the front end pulling them through a turn, but you are dealing with a slide instead of a pull. He is thinking primarily for economy. He thinks the dimensions of the vehicle itself, as far as leg room, shoulder room and all of that other sort of thing . . . in fact on one study that he saw the Chevrolet was superior to the Crown Vic. Of course, again, that is probably who was testing it. But, this was in a law enforcement magazine evaluation that was performed by Pennsylvania Patrol or something and they are world renown for evaluating Police vehicles.

Chairman Hufstetler asked what everybody wanted to go with, did they want to do all seven? Commissioner Bennett stated that he wanted to make a MOTION that they buy two pursuit type, whatever that package is, Package A. Chairman Hufstetler asked if he was wanting five that aren't the pursuit type. Commissioner Bennett replied, "Yes." Chairman Hufstetler asked Commissioner Jennings if he was wanting to do five and then two Crown Vic's. Commissioner Jennings replied, "As far as the Patrol Division." Chairman Hufstetler asked what the other side of the table wanted to do. Commissioner Fricks stated that a lot of the questions he has, they don't have answers to until after some use. Such as maintenance issues, you might save some up-front money, but are they going to run into the maintenance issues by not begin able to interchange parts, that is always a question mark. He stated that he did not really know. They don't want to put anybody in danger. The question is do we even have a pursuit policy, do we chase people down. County Manager Poe stated that there is a Pursuit Policy, but they have probably less and less pursuits because of liability now. Chairman Hufstetler asked Commissioner Mayes what he wanted to do. Commissioner Mayes stated that he thought it made sense to test and see what they could do, but, at the same time, he was about to make a Motion to buy the Fords and he thought he still leaned toward the Fords. Chairman Hufstetler stated that he was fine with the five for the Investigators but has questions on the other two. As Commissioner Bennett stated, you can't really test it unless you do something there. Commissioner Fricks stated that he guesses that he always leans toward them (*Police Department*), when they stated that they were fine with whatever they received. Assistant County Manager Rich stated that they did make it a point to say that they were appreciative of whichever, then again the issues are that the guys are already trained in the Crown Vic, and anytime you have something different, you have to go through new hoops and the learning curve. As far as maintenance, our people work on the Crown Vic and there is some familiarity. Again, they don't have another way of testing it. (*Some comments made by Commissioner Bennett*

*were not recorded.*) Commissioner Bennett stated they had never had a wrench on the engine ever, they had just put a freeze plug in it. Now, that is a work vehicle. He is not trying to pull the side of the world, he is not pulling Airstreams with it and this sort of things. But, they went to the V-6. If you sit down in that car, you can hardly tell the difference between that and a 305 with automatic transmission in hauling a load, unless you are going to go pick some brick up. He stated that it will haul just as much as a 305, maybe not a 350, and the operating costs is significantly less in that vehicle and it does perform the job. As he had said, it is V-6, but it is not front-wheel drive and that is the question driving the vehicle. He is still saying that our shop, if they are not working on V-6's at \$1.80 a gallon gas, it won't be long until they will be working on V-6's down at the Public Works Department. We have a lot of vehicles down there that are pick-up trucks that are driving that are running V-8 engines and stuff like that. The V-6, unless you have a specialized use because of towing capacity, handles. Commissioner Bennett stated that he is trying to change a mindset, again, not to put anybody in danger. If they were the first county that was trying out a patrol car that was V-6 front-wheel drive, he would say that he didn't want to do that. There are other departments that do it and he does not want to just put it off on the County Police just because they are willing to accept it and being appreciative. They don't need to be appreciative; we need to provide them with the equipment to do their job. He stated that he is gratified that they are willing to give it a try, he appreciate that. They don't need to be thankful that they are getting a vehicle. He is appreciative that they are willing to give it a shot instead of just dismissing it.

Chairman Hufstetler asked Commissioner Bennett what if, for the first year test they just give it to Investigators. He knows that is not a complete test, but it might be a start. Would he be alright with that? *Commissioner Bennett's reply was not audible.* Chairman Hufstetler stated that he is not sure himself, because they do not know. Commissioner Bennett stated that they won't know unless they try it. If you never drive it or never test it. Assistant County Manager Rich asked what if they had one of each for pursuit, you have two brand new cars, zero miles and then track it from there. Commissioner Bennett stated that they already know on the Crown Vic's, they have a whole fleet. Chairman Hufstetler stated that they would get a test out of that. Commissioner Bennett stated that suited him fine. Commissioner Bennett asked if they wanted him to do the Motion. Commissioner Jennings stated two pursuit vehicles, two of the front wheel drive and three vehicles for Investigators. There was confusion at to what they would be so Commissioner Jennings stated, two, two and three. Two Crown Victoria's which are pursuit vehicles, two of the Chevrolet Impala's and three Investigator vehicles, so you would get four basically patrol vehicles. Commissioner Fricks stated that they would probably get it better on the maintenance issues in the pursuit vehicles anyway. Commissioner Bennett stated that he thought they had to put them into service. Commissioner Jennings stated to take a look at the gas cost, maintenance cost and get feedback from the officers and they do the training. He stated that he guessed the question is, and he thought they would want to have the same officer driving the front-wheel drive vehicle, he does not think they would want to have one day driving the front-wheel and one day driving the other one, they have to adjust. County Manager Poe stated that these would be a take-home car, assigned to an officer. Commissioner Bennett stated that officer would need to receive training in the performance of the automobile. Chairman Hufstetler stated that instead of putting one and one being tested, put two and two and maybe that would be more statistically significant. Commissioner Jennings replied, "Yes." Chairman Hufstetler asked if everybody was fine with that. Commissioner Mayes asked if that was a Motion? Chairman Hufstetler stated, for clarification, Commissioner Jennings' MOTION was that they get three investigator cars, the Chevrolet and then they get two each of the fully loaded Police Package from Ford and from Chevrolet. Assistant County Manager Rich stated that for clarity, on Crown Victoria's they will just buy the Plain Janes and they will strip them over, so there will be some cost savings. SECOND by Commissioner Mayes. VOTING:

YES

NO

Commissioner Fricks  
" Mayes  
" Jennings  
" Bennett  
Chairman Hufstetler

Motion Carried

**ADJOURNMENT:**

There being no further business to come before the Board, MOTION was made by Commissioner Jennings, SECOND by Commissioner Mayes, that the meeting be adjourned. VOTING:

YES

NO

Commissioner Fricks  
" Mayes  
" Jennings  
" Bennett  
Chairman Hufstetler

Motion Carried

**COMMISSIONERS**

**FLOYD COUNTY BOARD OF**

**CHUCK HUFSTETLER, CHAIRMAN**