



MINUTES
GOVERNANCE COMMITTEE
Thursday, October 26, 2023 – 9:30 AM
Warneck Pump Station
James W. Wright Conference Room & Zoom Videoconference
23557 NYS Rt. 37, Watertown, New York

The Development Authority of the North Country Governance Committee met in regular session in person and via Zoom Videoconference at the Warneck Pump Station, 23557 NYS Rt. 37, Watertown, New York on Thursday, October 26, 2023 at 9:30 AM.

Members Present

Margaret Murray – Board Chairperson*
Thomas Hefferon – Vice Chair
Alex MacKinnon, Treasurer
Dennis Mastascusa – Secretary
Mary Doheny
Steve Hunt

Staff Present

Carl E. Farone, Jr., Executive Director
Jennifer Staples, Chief Financial Officer
Angela Marra, Executive Assistant

*Attended via videoconferencing

Committee Members – Absent

Guests Present

Other Board Members Present

1. Vice Chairperson Hefferon called the meeting to order at 9:30 AM.
2. 2024 Health Insurance Renewal –

J. Staples began by reviewing the comparison of health insurance coverage between 2022 and 2023, and the percentage of increase. She continued with a review of the Excellus Blue Cross Blue Shield Bronze 4 Plan, which we have had since 2016. She reviewed the actual plan year 2022 deductible utilization of \$359,000, versus the total HRA liability of \$917,000, or 39%. This was 6% better than the 45% budgeted resulting in a savings of \$55,000.

Each year the Governance Committee determines what the employee will pay toward their health insurance. In 2022 the employee participation was 30%. Aside from the individual which is determined by the Affordable Care Act, a review of this summary validates what the employee contribution was in line with the 30% requirement. The Affordable Care Act is calculated by taking the lowest paid employee's hourly rate and multiplying it by 130 working hours in a month for the gross monthly wage, and then multiplying that by the IRS Affordable Care Act affordability rate, which they provide to us annually and has been decreasing every

year. This then equals the maximum staff monthly contribution we are allowed to charge an individual.

C. Farone stated Excellus BC Bronze 4 plan is the same high deductible plan, and the Authority funds the deductible. T. Hefferon commented that it is a good plan and it appears to be working.

J. Staples continued with the review of the 2023 health costs for January through September, where we predict to be at a 39% HRA utilization by the end of the calendar year. There has been a 26% usage year to date, but she also explained that this is more likely only seven months of billing due to the billing delay.

M. Doheny asked if the deductible was pre or post funded. C. Farone explained that no money is paid until invoices are received and the insurance company has approved the amount. The insurance company then sends all billings to OneDigital where they process all payments to the doctors.

D. Mastascusa asked what factors are affecting the utilization. C. Farone explained that UCM has been added-on to the insurance to help bring down the utilization costs with remote visits. J. Staples stated that employees are reminded of this service during open enrollment and through the monthly Authority employee newsletter.

A. MacKinnon asked about the mechanics of how this all works because we do not have someone on staff to review all of these services. J. Staples explained that OneDigital sends the Authority a list of checks they have issued monthly.

J. Staples continued by stating the predicted deductible usage for 2023 is 39%, with 43% budgeted. In 2024, the same insurance plan we have had since 2016 is offered with a premium increase of 14.1%. The deductible amount was not expected to increase because that typically only happens every other year, but there was an increase of 6.7% to the deductible as well. The committee approved the contribution amount of 30% in 2022, reduced the employee contribution amount in 2023 to 28.5%, and we are proposing a 27% contribution rate for 2024 with a projected 39% HRA utilization. Additionally, we are proposing to ask the employees to pay a portion of the HRA on the back end with individuals to pay the last \$500 of the \$8,000 total and families to pay the last \$1,000 of the \$16,000 total. As in years past, once the deductible has been met the plan pays 100%. There is a drop in the premium amount from \$105 per pay period to \$101 for an individual due to the Affordable Care Act percentage decreasing again. The rate has steadily decreased from 9.61% in 2022, to 9.12% in 2023, to 8.39% in 2024.

A. Mackinnon asked if the calculation for that number is done by someone in Washington. C. Farone replied that these are IRS guidelines which tell us how to calculate it, but it is based off our lowest employees' hourly rate.

J. Staples reviewed the formula that is used to explain the maximum amount that can be charged. She then reviewed the premium amounts for employee/spouse, employee/children, and family; and stated the objective this year was to control the bi-weekly amount taken from employee paychecks. C. Farone added that OneDigital expressed that we are one of the only clients they have who does not have employees contributing to the HRA. This proposal is a good compromise to keep the bi-weekly premium amounts flat. Health insurance is also critical in our recruitment and retention of employees.

S. Hunt joined the meeting at 9:51 AM.

M. Doheny asked if anyone else does this contribution to the HRA. J. Staples responded that we are one the last accounts not having an employee contribute to their HRA that OneDigital services.

J. Staples continued by discussing an overview of the Authority cost, from 2020 through the estimated 2024.

A. MacKinnon asked if there is a way to reimburse our employees who use a spouse's insurance instead. J. Staples explained the currently offered health insurance stipend is \$4,250 paid out by pay period once they can prove they have other insurance coverage. 23% of our current workforce is participating in the stipend plan and this brings a tremendous savings to the Authority. J. Staples continued by reviewing the previous year's use of the stipend as well as the rate of savings versus the insurance costs, and further suggested increasing the amount to \$4,500 to further incentivize staff to utilize alternative insurance.

S. Hunt asked how many of the Authority employees are using the NYS Health Insurance or Empire Plan. C. Farone explained that the Empire Plan continues to be reviewed. J. Staples compared the Blue Cross Blue Shield Bronze 4 Plan at, \$1.4 million, to the Empire Plan at \$2.4 million. Also on the Empire Plan, an individual can only contribute 14% versus the 27% being proposed due to ACA, making the Empire Plan much more expensive to the Authority. This is using an estimated rate for 2024 because the Empire Plan has not released this information. J. Staples further stated that 42 plans were reviewed, 15 of them in great detail, and the Bronze 4 plan was determined to still the best fit for the Authority.

M. Doheny asked if these jumps are being seen within other plans. J. Staples responded yes, although this was a big increase for Blue Cross Blue Shield, it has been state approved.

S. Hunt asked if those opting out would receive \$4,250 or \$4,500. J. Staples reviewed the previous stipend amounts from 2015 through 2023 and confirmed that it is being recommended for the Governance Committee to increase it from \$4,250 to \$4,500. S. Hunt asked how many people opt out, to which J. Staples responded 20, or 23%. S. Hunt asked how many usually opt out. J. Staples reviewed the numbers for 2020 (20), 2021 (18), 2022 (16), 2023 (20) and 2024 (20). J. Staples stated that the family would pay \$7,700 plus another thousand if they meet the \$15,000 deductible. C. Farone explained that this is an embedded deductible meaning one family member can only spend the individual deductible amount, not the full deductible.

T. Hefferon asked if the reason for the massive price difference with the Empire Plan is that, they are using New York City prices. J. Staples explained that they lowered their deductible but increased their premiums. C. Farone added that there is significant savings of \$700,000 a year in premiums in switching from the state plan.

J. Staples continued by explaining retiree healthcare. The retiree health coverage is the same as the individual coverage for an active employee, however we are proposing 29% participation rate, versus 27% of an active employee, with the same deductible fees. For those over 65, Medicare becomes primary and the Authority would then provide supplemental coverage with the retiree's contribution of 29% of the premium cost for the supplemental plan and Medicare Part B.

J. Staples summarized the proposals for 2024, employee contribution being \$101 for the individual, \$226 for employee/spouse, \$201 for employee/child, and \$296 for employee family with the \$500 and \$1,000 at the end of the HRA utilization. The Health Insurance Stipend is proposed to increase to \$4,500. We are proposing to continue the UCM coverage, or telemedicine coverage, in addition to the health insurance plan with the Authority contributing 100% of that cost which covers an employee in need of urgent care for a non-life threatening illness or injury. This year UCM is also adding primary care, and crisis and chronic mental health care. These two additions are critical because it is becoming more difficult getting in to a physician. This is a critical piece in keeping the HRA costs down per employee. The UCM fee was \$4, but has increased to \$6.50 in 2024, for a cost of \$5,382 per year of the 69 insured employees.

M. Doheny stated that we have discussed this before and it seems like a very good program, but asked how we internally encourage people to access it. J. Staples explained that this information will be discussed extensively at open enrollment, written up in the monthly employee newsletter, and discussed openly with staff. C. Farone stated that it is conveyed to staff for us to be able to keep this plan, we need to keep the HRA utilization down, or it will not continue to be affordable for everyone.

C. Farone asked if there were any questions or concerns from the Governance Committee, as they set the rates to employees as well as retirees, or is there a motion to accept what management has proposed.

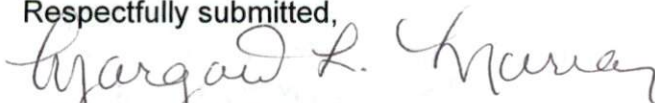
M. Doheny asked if the recommendation over the percentage increases and/or decreases is what the employee sees. C. Farone responded yes, and listed the fees and percentage of increase as follows; individual will be \$101 or 3.8% decrease because of the Affordable Care Act, employee/spouse will be \$226 or 1.3% increase, employee/children would stay the same, and family would increase 2.8%.

Upon a motion by A. MacKinnon, and seconded by M. Doheny, Adoption of Health Insurance Premiums, Calendar Year 2024, Effective January 1, 2024 at a 27% employee contribution rate plus an HRA contribution, was unanimously approved by the Governance Committee.

D. Mastascusa asked if UCM was a product of Excellus. J. Staples replied this is suggested by OneDigital but is not an Excellus product. M. Doheny asked why it is attached to the insurance. C. Farone stated that UCM would only provide the coverage to staff who have this health insurance and have a high deductible. C. Farone stated that he and his family members have used it and had they gone to a provider in person it could have cost the Authority \$200 in HRA, but we can save that money as there is no additional cost using UCM.

3. Upon a motion by D. Mastascusa, and seconded by T. Hefferon, the committee moved to adjourn at 10:18 AM.

Respectfully submitted,



Margaret L. Murray
Chairperson, Governance Committee