



MINUTES
GOVERNANCE COMMITTEE
Thursday, October 22, 2024 – 10:00 AM
Dulles State Office Building
4th Floor, Conference Room
Watertown, New York

The Development Authority of the North Country Board of Directors met in regular session in person and via Zoom Videoconference at the Dulles State Office Building, 317 Washington Street, Watertown, New York on Thursday, October 22, 2024 at 10:00 AM.

Members Present

Margaret Murray, Chairperson
Mary Doheny
Alex MacKinnon
Tom Hefferon
Stephen Hunt
Dennis Mastascusa

Members Absent

*Attended via videoconferencing.

Staff Present:

Carl Farone, Executive Director
Jennifer Staples, Chief Financial Officer
Carrie Tuttle, Chief Operating Officer
Stephen Bohmer, Director of Information Technology
Angela Marra, Executive Assistant

Guests:

1. Chairperson Murray called the meeting to order at 10:00 AM.

S. Hunt joined the meeting at 10:01 AM.
2. Chairperson Murray requested a roll call.
 - A quorum of committee members was established.

J. Staples began the meeting with a review the Authority health insurance plan history and what is being proposed for the next calendar year. Health insurance runs from January 1

through December 31 with open enrollment starting in November. A handout with detailed information was provide to all committee members. This document was used by J. Staples to explain the differences in past premiums, deductibles, and contributions as they relate to the individual, employee/spouse, employee/child, and family plan options.

M. Murray asked if the \$101 shown as the individual employee contribution is what the employee pays per pay period. J. Staples responded yes; this is deducted from their paycheck which they receive every two weeks.

J. Staples continued by explaining the change in employee contribution from 2023 to 2024 when the Governance Committee changed the contribution percentage from 28.5% to 27%. She reviewed the 2023 plan, which utilized \$350,000, 36%, of the \$975,000 total HRA liability when 43% had been budgeted. This resulted in a 7% savings, or \$68,000, because employees didn't use as much of the deductible as was anticipated. She continued with a review of Table 1 within the handout to outline the employee contribution compared to the overall cost of the Authority health plan. 2024 is estimated using the information from what has already been utilized from January 1 to September 30, which shows the year-to-date utilization higher than anticipated. When the numbers were projected for October, November and December the utilization rate is estimated at 47% for 2024, which is higher than what was budgeted at 39%. Table 2 within the handout shows the deductible utilization for 2024 where 27% was budgeted for the employee to pay toward their health insurance costs, but they are actually paying around 25%-26% due to the HRA utilization being higher than budget.

C. Farone asked if the 47% is a prorated amount, with the spend being divided by the number of months. J. Staples replied January through September is actual spend and then and estimated cost for October, November and December that comes out to that percentage.

M. Murray asked if there are any employees who hang onto this rather than submit it. J. Staples stated it is a smooth uncomplicated system run directly from the physician to One Digital and the payment portion is issued from there.

M. Murray asked what happens if they are not a participating provider. J. Staples stated there is still some coverage for out-of-network providers and many participate with Blue Cross Blue Shield (BCBS).

A. MacKinnon stated that we need health insurance, citing his personal experience and recent accident while noting the cost of the helicopter that was covered by insurance, and further asking how anyone would pay for this type of event without insurance.

J. Staples continued with going into 2025 and stated that Excellus is still offering the Bronze 4 Health Insurance Plan. The premium has increased by 4.9%, not the 14.1% as seen last year, and the deductible increased by 3.8%. This will change the premium for an individual from \$662.66 to \$695.39 per month, and the deductible increasing from \$8,000 to \$8,300 for individual, and a family premium will increase from \$1,888.58 to \$1,981.87 with the deductible increasing from \$16,000 to \$16,600.

S. Hunt asked how these costs compare to the affordability requirement. J. Staples explained that the Authority follows the IRS calculation which provides us with what we can have our employees pay where it is considered affordable based on the Affordability Care Act. This year that dollar amount is \$108 per pay period for an individual.

S. Hunt asked how these rate increases compare to the numbers projected for 2025. J. Staples explained that the plan for the employee rate is to remain the same as 2024 at 27% with the individual at 24% to remain compliant with the Affordable Card Act. The estimated HRA utilization is 42% with the employee still contributing on the back end of the deductible at the same rate as 2024 at \$500 for an individual and \$1,000 for family. She further explained that she and Carl have reviewed several different plans to see if there was a better option that could cost the employee a lesser amount, but many of the plans' costs would drown the employee if an event ever happened. C. Farone commented that even with the increased rates, the selected plan is deemed affordable because the Authority has reduced the individual contribution.

S. Hunt asked if the Authority will take over the difference. C. Farone responded yes, that is correct because typically the individual cost is deemed unaffordable.

M. Murray asked how many staff are on each plan; individual, family, etc. J. Staples covered this in Table 4 of the handout showing the numbers for each level of enrollment, which is anticipated to increase by three for 2025.

A. MacKinnon shared that his coverage through St. Lawrence County is also through Excellus BCBS and following his recent accident that generated \$140,000 in expenses, he paid nothing as it is good insurance and pays well.

M. Murray asked if the employee pays on the back end, and if they have an \$8,000 deductible does the Authority pay the majority with the employee not paying until it reaches \$7,000. J. Staples responded yes, the Authority pays up front and the employee pays the last \$500/\$1,000.

S. Hunt asked if this is included in the calculated cost for the individual for purpose of the IRS. J. Staples stated no. S. Hunt further asked if the deductible is paid by the Authority or the individual. J. Staples said the last \$500 or \$1,000 is paid by the employee and then she reviewed the cost per pay period and annual cost for each level of the plan.

M. Murray asked if this calculates out to a premium increase of 6.9%, but was actually only 4%. J. Staples replied yes, because we are anticipating the HRA utilization to increase.

M. Murray asked if some employees opt not to take the coverage, but instead take a stipend. J. Staples stated this is correct, and reviewed the numbers within Table 4 that shows the total number of employees participating in the BCBS plan, how much the premium and deductible cost for the Authority, and the cost per employee. J. Staples continued by discussing the recommended health stipend for 2025 to be \$4,500 paid bi-weekly. She provided an example of the savings to the Authority when an employee opts for the stipend instead of health insurance coverage with estimated savings to the Authority

of \$17,644 for those under family coverage. At this time there are about 20 employees taking the stipend instead of our health insurance.

J. Staples went on to explain that, under the Fair Labor Standards Act and NYS labor law, health insurance stipends need to be factored into employees' overtime payments. While there are specific statutory exclusions for what should not be included in overtime calculations, such as employer paid premiums for health insurance coverage, the payment for health insurance stipends is not one of those exclusions. This means for hourly staff that opt for a health insurance stipend, the overtime equivalent needs to be paid. Beginning in 2025, if we have an hourly employee receiving the stipend, we have to calculate the equivalent overtime and add that to their pay. This calculates out to be roughly \$3.25 per hour of overtime, and we estimate this to be an additional cost of \$3,300 per year to remain compliant with these regulations. According to the NYS retirement, this additional rate is non-pensionable.

M. Doheny asked about the stipend and those who don't take the health insurance, if there is a benefit to the Authority. J. Staples replied that it is a huge benefit to the Authority with a savings of over \$17,000 for each family that chooses to take the stipend over the health insurance family plan. This is still a savings even with the \$3,300 difference starting this year.

M. Doheny asked if the employees opting out of our health plan need to prove that they have other insurance. J. Staples replied yes, they need to provide proof that they have insurance. M. Doheny further asked how many employees this applies to. J. Staples replied 20 people take the stipend, and of that, only 3 or 4 being salary.

S. Hunt asked for further explanation about the additional \$3,300. J. Staples explained that this is estimated based on how many overtime hours there were in 2023.

M. Doheny asked if there was any retroactive impact. C. Farone responded no, that this begins in 2025.

J. Staples explained if the employee takes the stipend, they need to provide proof that they have proper insurance and we review this to ensure the insurance they have is appropriate. M. Murray commented that depending on income, government insurance could be cheaper. J. Staples shared that certain government insurance no longer will qualify as eligible coverage for stipend eligibility. This means that an employee who has previously opted out may now need to opt back in.

J. Staples stated that the retiree participation rate is at 29% in 2024, and we are asking for it to remain the same in 2025 as a fair and reasonable amount. They will also be paying the deductible on the back end for each plan, same as current employees. Today they are paying \$263 per month, and we are projecting a 6.8% increase in 2025 to bring the monthly amount to \$281.

J. Staples summarized that the health care plan recommendation for 2025 is 27% participation by employees, with 42% projected utilization rates. The individual pays the last \$500 of the deductible and families pay the last \$1,000 of the deductible. This will cost

\$108 per pay period for an individual, and \$315 for families. The health stipend is to remain at \$4,500, the same as in 2024. Overall, we see the cost increasing from \$1.6 million to \$1.7 million in estimated health insurance costs to the Authority.

J. Staples stated that the Authority would also like to continue the United Concierge Medicine (UCM) coverage as well. This is 100% paid for by the Authority and is \$6.50 each month per employee who participates in our health insurance coverage. This is telemedicine that offers on demand urgent care for non-threatening illnesses or injuries, medication assistance, diagnostic imaging and lab referrals. They also offer primary care services and crisis chronic mental health care. Based on 74 employees, this is a total of \$5,772 to the Authority for a year, with a cost savings through August of 2024 of \$27,185. C. Farone explained how the service works and shared that he and his family members have used this a number of times. By calling this service as opposed to going to the emergency room we are saving the cost of the visit. This is a good service, there is no cost to the employee and it saves the Authority money.

M. Doheny commented that she remembers this from last year, and asked if the employees are happy with it. J. Staples responded that the employees are very happy with this service.

M. Murray commented that this also prevents lost time because staff are not going to the doctors. J. Staples responded yes, this can be accessed right from their phones and has been used 42 times so far this year.

J. Staples concluded the presentation by reviewing a cost comparison with the New York State Empire Plan. With 42% utilization, the cost to the Authority under the Blue Cross Bronze 4 plan is roughly \$1.7 million. On the New York State Empire Plan this would cost \$2.8 million and the overall employee contribution would only be 25% to remain affordable. J. Staples shared that she also reviewed 59 plans, and 15 of those in detail. While BCBS is not the cheapest, it is the best coverage. Other plans reviewed were regional instead of national, with large deductibles in addition to a large out-of-pocket max, some of which were up to as much as \$10,000.

M. Murray stated that the employees seem satisfied with this plan. J. Staples responded that they haven't received any negative complaints.

S. Hunt asked if when the deductible is paid, does that include a co-pay at the visit. M. Murray stated there is no copay on this plan. C. Farone stated it is a lot of money, but it is fantastic insurance with no copay until last \$500 or \$1,000 and prescriptions are covered.

M. Murray stated that she really likes the options between individual, family and spouse coverage.

C. Farone stated that the Governance Committee has the ability to decide on the 2025 Authority health coverage at the dollar amount recommended and the chairwoman would then sign off on the recommendations.

Upon a motion by T. Hefferon, and seconded by M. Doheny, Adoption of Health Insurance Premiums, Calendar Year 2025, Effective January 1, 2025 at a 27% employee

contribution rate, and a 42% HRA contribution, was unanimously approved by the Governance Committee.

3. Executive Session – for the purpose of:

- a. Discussion regarding the employment history of a particular person or matters leading to the appointment or employment of a particular person.
- b. Discussion regarding proposed, pending or current litigation.

Upon a motion by T. Hefferon and seconded by D. Mastascusa, the Board moved into Executive Session at 10:45 AM.

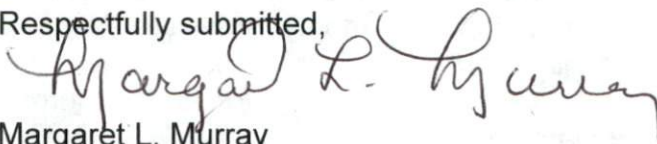
Upon a motion by D. Mastascusa and seconded by T. Hefferon, the Board moved out of Executive Session at 11:34 AM.

Chairperson Murray reported no action was taken.

4. Adjourn -

- a. Upon a motion by M. Doheny and seconded by T. Hefferon, the meeting was adjourned at 11:35 AM.

Respectfully submitted,



Margaret L. Murray
Committee Chair