

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
BOARD OF DIRECTORS SPECIAL MEETING  
DECEMBER 1, 2015

PRESENT:

ANTHONY BALDO, BOARD CHAIRMAN  
PATRICK CONWAY, SECRETARY  
JOHN KOCH, PH.D, ASST. SECRETARY  
SID HALSOR, PH.D, MEMBER  
VALERIE KEPNER, PH.D, MEMBER  
LYNETTE VILLANO, MEMBER  
CHARLES SCIANDRA, MEMBER

ATTORNEY JOSEPH BLAZOSEK, SOLICITOR

ADMINISTRATIVE STAFF:

NORMAN GAVLICK, INTERIM EXECUTIVE DIRECTOR  
HUMAN RESOURCES DIRECTOR  
JOHN ALU, DIRECTOR OF FINANCE  
TRACY KLINE, ACCOUNTING ASSISTANT

OTHERS:

DAVE KELLAR, ONE SOURCE  
CONNIE BEDNAR, GEISINGER

**1. Pledge of Allegiance:** Board Chairman, Mr. Baldo, welcomed everyone to the December 1<sup>st</sup> special board meeting.

**2. Roll Call:** The following Board members were present for the meeting: Mr. Baldo, Mr. Conway, Dr. Halsor, Dr. Kepner, Dr. Koch, Ms. Villano and Mr. Sciandra. Seven board members were present at the time of roll call. It was noted that Atty. Robbins arrived at approximately 3:20 pm.

Mr. Gavlick spoke about the Geisinger self-insured health plan administrative services agreement. He said there were some corrections to language and the reps are here to answer any additional questions. He added that John put together some numbers regarding premiums and claims which were emailed to board members.

Atty. Blazosek went over some of the changes to the language of the contract agreement between LCTA and Geisinger. He said he outlined his concerns in a letter sent to Connie Bednar and she sent a revised agreement which he was satisfied with.

Dr. Halsor asked if concerns regarding sufficient expertise for reporting were addressed and Atty. Blazosek confirmed they were.

Mr. Gavlick said we will be getting in touch with Conrad Siegel so that they can do an actuarial review of our existing health care plan. He added that they will also do an actuarial projection for the new plan and then we would know the number we need to keep in the account.

He also mentioned the wellness program that Geisinger provides. He said data will be provided in January and we will be able to analyze the statistics to determine what areas need to be addressed. He spoke about possible incentives that could be provided for any employees that are able to hit certain health goals adding that Dave Kellar and Connie Bednar are present to answer any questions.

Mr. Baldo asked if John Alu could go over the analysis. Mr. Alu said his numbers were based on the original numbers provided by Geisinger. Mr. Gavlick said we also asked for a quote with two million in aggregate insurance.

Mr. Alu said that two years of claims data showed that we had 1.9 million in claims and we paid a total of 3.2 million in premiums.

Mr. Gavlick explained how the aggregate insurance worked. It was decided that LCTA would not need the two million in insurance.

Connie Bednar said she had been doing this for 30 years and she has never seen anyone go through the stop loss policy amount. Dr. Kepner asked about the historical Geisinger expense. Mr. Alu said it was based on when claims occurred. Also discussed was the access to claims info. It was determined that no names would be given, only categories of issues.

Mr. Sciandra asked if there would be any additional administrative burden regarding the plan.

Mr. Gavlick said there would be additional duties for John and Tracy but they would be losing other duties when the payroll goes to One Source.

Mr. Sciandra asked how the premiums would be determined going forward. Mr. Gavlick said they will still provide a premium amount as we will need to know for Cobra rates.

Mr. Sciandra questioned the possibility of catastrophic cases and who sets up the reserves. Ms. Bednar said that they have the liability as the stop loss carrier. Mr. Gavlick said there is no required reserve.

Mr. Alu said for the first few months we are building the account reserve up. The fund has to build a balance and an actuarial analysis will determine how much money we need to have in reserve. Mr. Gavlick said we are only liable for the first \$75,000.

Mr. Gavlick said that our liability is the first 1.6 million, which we would pay anyway. He added that we would work hard to help to control and reduce the claims hoping to have a surplus and build up the reserves.

Atty. Blazosek said with 100 employees, the worst scenario would be if we needed \$75,000 for each employee. Mr. Gavlick said it is capped at 1.8 million, regardless of the claims.

Mr. Sciandra discussed the reserves and the gap rules. He said that currently if there is a major claim, Geisinger has to set up the reserves; adding that would now be the responsibility of the Authority.

Mr. Alu said the only thing that would show up on the balance sheet is claims that were actually incurred. He added that the balance sheet doesn't assume risk, only what was incurred.

Mr. Baldo asked if we are covered for every individual up to 75,000 which was confirmed by Ms. Bednar. Dr. Kepner asked how often an actuary would be used. Mr. Alu said it depends on the number of people but thought it would be every two years.

Dr. Kepner questioned the administrative services fee of \$68.00 and when or how it would increase.

Ms. Bednar said it could possibly happen once a year with a 90 day notice.

She also questioned the physician compensation incentive. Ms. Bednar said it was built into the admin. fee. She added that their target goal for the physician is to be sure they are performing at the top of their license. Dr. Kepner established that we do pay for it but it is part of the admin fee.

Ms. Bednar brought up monthly accommodation. She said your monthly amount is based on your enrollment and there would be a true up at the end of year.

Mr. Gavlick said we would use the monthly accommodation at least for the first year until we had sufficient cash flow in the account. The question was raised whether there was an administrative fee for that feature.

Mr. Baldo asked about the balance sheet amount and asked if we need to pay the extra premium.

Mr. Alu said he was not concerned with the cash flow. Mr. Gavlick said we probably don't need the monthly accommodation feature. He said the original quote had the 1million in protection.

Mr. Gavlick discussed other plans he looked at and felt Geisinger was the best offer.

He said other plans were not individualized and the stop loss is not paid immediately.

Mr. Gavlick said that employees will receive a new card but benefits will be the same and we will no longer have the HRA deductible plan. Currently we have issues with delayed payment and bills being sent to collections.

Mr. Alu asked if a wellness program bring down the proposed increase. Ms. Bednar said it would not.

Mr. Gavlick said we were looking at a 17% increase but were able to negotiate 8.1%.

Mr. Alu explained that extra money can be used for operating expenses but not capital expenses.

Dr. Halsor asked Mr. Alu his opinion on the self-insured plan. Mr. Alu said he did not like to assume risk but looking at the claims data versus actual premium data he is comfortable with the difference in the numbers. He added that it is still a risk.

Ms. Bednar said that Geisinger will have about 150,000 participants in self-insured plans effective January 1 and the retention rate is 99%. Mr. Gavlick added that Geisinger is accepting the risk as the stop loss carrier as they have to pay over \$75,000.

Mr. Alu added that he felt it was a good long term program once the funds were built up.

Ms. Kline mentioned that we are not locked in, we can cancel anytime.

Ms. Bednar said they have to have the best provider contracts to be competitive.

Mr. Baldo asked if anyone else had questions.

Atty. Blazosek said the first step would be to have board action to self-fund the health plan, another motion for the administrative service agreement and suggested a third motion for the insurance premium.

The following motions were made:

Motion to approve the provision of health care services through a self-insured plan.

The motion was made by Dr. Halsor and seconded by Atty. Robbins. Motion carried.

Motion to approve the administrative services agreement with Geisinger Indemnity Ins. Co. at a rate of \$68.00 per employee, per month. The motion was made by Ms. Villano and seconded by Mr. Conway. Motion carried.

Motion to approve the stop loss policy with Geisinger Indemnity at a premium of \$148,236 for the year, with an aggregate stop loss of 1 million and individual stop loss of \$75,000 per employee. The motion was made by Dr. Koch and seconded by Mr. Sciandra. Motion carried.

Mr. Baldo said that we need to schedule a reorganization meeting for the board in January. Mr. Gavlick said the bylaws state the second Wednesday in January. Mr. Baldo suggested Wednesday, the 13<sup>th</sup> of January at 3:00 p.m. Atty. Blazosek asked Ms. Kline to advertise the meeting sometime in January.

At this time, approximately 6:05 p.m., Mr. Baldo asked to break for an executive session which concluded at about 7:00 p.m. A motion to adjourn was made by Mr. Sciandra and seconded by Mr. Conway.

Respectfully Submitted,

BY: Tracy Kline, Secretary to the Board