

VIRGINIA:

A FY 15 Budget Work Session of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on May 22, 2014.

- Members Present: B. Wally Beauchamp, Chair
 Jason D. Bellows, Vice Chair
 F. W. Jenkins, Jr., Board Member
 Ernest W. Palin, Jr., Board Member
 William R. Lee, Board Member
- Staff Present: Frank A. Pleva, County Administrator
 Don G. Gill, Planning and Land Use Director
 Crystal Whay, Building/Land Use Secretary

Mr. Beauchamp called the meeting to order at 4:00 p.m.

BUDGET CONSIDERATION

Mr. Pleva stated that he had been in touch with Dan Siegel of Sands Anderson and he had given several scenarios concerning possible financing, after also consulting with Davenport and Company. He stated that financing on vehicles, such as school buses, are usually done in a lesser amount of years as opposed to building improvements.

Mr. Beauchamp asked if the buses were financed over ten years, would there be a different interest rate.

Mr. Pleva replied that it would be the same rate.

Mr. Pleva stated that he had received the latest bids from Optima and Anthem and depending on the plan, the rates have increased as much as 59%. He stated that he has been told that they estimate 5% of the increase is due to affordable care act taxes that are passed on to the consumer, 7% is the growth in medical costs and the other 47% is based on the fact that Optima paid out the equivalent of 260% in claims, on the County's plan, of what they collected in premiums.

Mr. Pleva stated that he had been approached by a few employees who wanted to know if they could opt-out of the County's plan and find their own plan. He stated that the Invincia representative would be talking with employees on Tuesday.

Mr. Pleva suggested that the County also look at the Local Choice plan, which is administered through the state and is for local government employees. He stated that the plan is with Anthem and there are over 48,000 participants in almost 300 local jurisdictions. He stated that some of our adjoining counties participate in Local Choice, too. He stated that he is still waiting to speak to a representative, but the way he understands it an advantage is that a major component of the rate structure is based on a much broader pool, even though there is still a local component to the quoted rate. He stated that the Northumberland County Administrator said their single subscriber monthly rate was around \$560 to \$580 and the County pays 75% of that cost. He stated that Northumberland County and Westmoreland County pays 100% of the cost, but that is strictly their option. He stated that the program only requires that the locality pay 75% of the single rate of the least costly plan. He further stated that at least 75% of the employees need to participate in the Local Choice program.

Mr. Bellows stated that he knew the school system has saved money by getting their employees to participate in the Health Savings Account option.

Mr. Pleva stated that there are currently about a third of employees in each category, which includes the PPO, HMO and the Health Savings Account.

Mr. Bellows stated that he knew some people had initial misgivings about the Health Savings Account option, but everyone he knows who switched is happy with the option now. He stated that the plan allows the individual to have more control of their own healthcare. He stated that it could be more attractive for people to go with the Health Savings Account, if the Board offered to pay for the plan in full.

Mr. Jenkins asked if Invincia offered any more detail on the premium increase. He stated that it was a huge drain by some segments of the employee base on other segments of employees. He stated that they will still have a problem no matter what plan they go with if the problems are not addressed.

Mr. Pleva replied that the Invincia representative would be meeting with him on Tuesday. He stated that, in a previous conversation, all that was said was that the experience rate of the group had been the driving factor in the increase.

Mr. Lee stated that the employee needs to be considered. He stated that the insurance premium increase will greatly affect their net pay.

Mr. Pleva stated that the insurance increase would cancel out the proposed salary increase in one to two months.

Mr. Lee stated that some people may have chronic health issues that they have no control over.

Mr. Jenkins stated that he would like to have an analysis from Invincia.

Mr. Pleva stated that because they are not a big group, it does not take that many people, with illnesses or chronic conditions to drive the rate up.

Mr. Palin stated that he thought they should look at the Local Choice option.

Mr. Bellows stated that he thought the Health Savings Account plans were bringing medical care back to more like it used to be. He stated that insurance was designed for major medical problems, not routine care.

Mr. Lee stated that he had been experiencing rate increases every year with his insurance, with no explanations.

Mr. Beauchamp asked Mr. Gill how the rate increase would affect him.

Mr. Gill replied that his rate would increase approximately \$150 per month. He stated that he had the individual Health Savings Account plan.

Mr. Bellows asked Mr. Gill his opinion of the Health Savings Account plan.

Mr. Gill replied that he was happy with it.

Mr. Beauchamp asked Chief McGregor how the rate increase would affect him.

Chief McGregor replied that he would have an increase in his premium of approximately \$200 per month. He stated that his Emergency Services employees would be seeing an increase of anywhere from \$200 to \$500 a month and in some cases about 25% of their paycheck.

Mr. Bellows asked what the County's current contribution was.

Mr. Pleva replied it was a flat \$450 per month.

Mr. Bellows asked what the cheapest plan currently available was.

Mr. Gill replied that the cheapest plan was the employee only Health Savings Account plan.

Mr. Bellows suggested raising the County contribution to meet the Health Savings Account premium and encourage employees to go with that plan. He stated that he thought the County could save money that way.

Mr. Beauchamp asked about a deadline.

Mr. Pleva replied that the paperwork with the County's claim history will have to be submitted and he was not sure how long it would take.

Mr. Beauchamp asked Mr. Lee if he would be the Board's liaison and work with Mr. Pleva and some other employees to get a report on the health insurance issue.

Mr. Lee replied yes.

Mr. Jenkins stated that he would like a breakdown of what types of costs are being incurred as well.

Mr. Pleva referred to advertising for the tax rate and asked what the Board's wishes were. He suggested getting the ad to the paper by June 3rd, having the hearing on June 19th and the adoption on June 26th.

Mr. Jenkins asked Mr. Pleva to get the Board different scenarios on the effect of the fund balance at different tax rates, including zero.

Mr. Pleva replied yes.

Mr. Lee made a motion to set the public hearing for the FY 15 tax levy and budget on June 19th at 7:00 p.m.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Aye
	Ernest W. Palin, Jr.	Aye
	William R. Lee	Aye

Mr. Beauchamp asked if the Board wanted to meet for another work session before the next regular meeting.

The consensus was to have another work session at 5:00 p.m. before the regular May 29th meeting.

Mr. Beauchamp referred to ambulance and rescue fees and stated that last year, the amount of \$360,000 was approved and the actual figure was \$456,156. He stated that for this year's budget, the amount of \$360,000 is being used again.

Mr. Pleva stated that he would ask Mr. Larson about that.

ADJOURNMENT

Motion was made by Mr. Jenkins to adjourn to 7:00 p.m.

VOTE:	B. Wally Beauchamp	Aye
	Jason D. Bellows	Aye
	F. W. Jenkins, Jr.	Aye
	Ernest W. Palin, Jr.	Aye
	William R. Lee	Aye