

NOTICE OF BOARD OF DIRECTORS MEETING
LIMRiCC
Meeting Minutes Tuesday, January 21, 2020
Meeting Location:
RAILS
125 Tower Drive, Burr Ridge, IL 60527
630-734-5000

1. Call to Order & Roll Call

Kevin Davis called the meeting to order at 12:57 PM.

PRESENT: Kevin Davis, Administrator of the Messenger Public Library/LIMRiCC Vice President; Jim Kregor, Director of Finance and Human Resources of RAILS Library System/LIMRiCC Treasurer; Carol Kidd, Human Resource Manager of Des Plaines Public Library/LIMRiCC Secretary Carolyn Coulter, Director of PrairieCat /LIMRiCC Trustee.

Absent: Jennie Mills, Director of Shorewood-Troy Public Library/LIMRiCC President.

2. Introduction of Visitors / Public Comments

The following people were present for the Board Meeting: From the accounting firm of Lauterbach & Amen, LLP: Wes Levy and Margie Tannehill. Assurance Agency representative: Maryann Mileto.

3. Consent Agenda

RESOLVED, THAT THE LIMRiCC BOARD OF DIRECTORS
APPROVE THE CONSENT AGENDA AS PRESENTED

- a. Approval of Agenda.
- b. Acceptance of the LIMRiCC Board Meeting Minutes from November 19, 2019.
- c. Ratification of payments made from November 20 – December 17, 2019 (Exhibit B.1 – B.23 Business Services \$12,749.16, PHIP \$594,413.53 and UCGA \$1,237.81.
- d. Approval of the payment of bills for December 18 – January 21, 2020 (Exhibit B.1 – B.3) Business Services \$10,083.57, PHIP \$667,600.37 and UCGA \$12,612.00.
- e. Approval of Balance Sheet and Detail of Expenditures for November and December 2019 (Exhibit C.1 – C.6).

Motion: A motion was made by Carol Kidd and seconded by Jim Kregor to approve the Consent Agenda items a-e listed above.

Roll call: All board members present voted to approve the Consent Agenda.

Ayes = 4
Nays = 0
Absent = 1

4. Action Item #1 – Approve FY19 UCGA dividends.

The UCGA account has accumulated funds in excess of 1M for FY 2019. LIMRiCC will refund a total of \$60,964 in UCGA dividends to its members. Each member's investment dividend is calculated by multiplying the investment dividend by the premium divided by total premium. The refund checks will be mailed in February to all members receiving a dividend.

Motion: A motion was made by Carol Kidd and seconded by Carolyn Coulter to approve the FY19 UCGA dividends.

Roll call: All board members present voted to approve the FY19 UCGA dividends.

Ayes = 4
Nays = 0
Absent = 1

5. Action Item #2 – Accept the Eder Casella Annual Audit.

There were three adjusted journal entries that were reclassifications between the expense and liability accounts. The adjustment had no effect on the bottom line. LIMRiCC received a clean financial opinion from Eder Casella.

Board Member Jim Kregor had a slight modification to the audit. The concern was the verbiage used on page 10 in reference to the Purchase of Health Insurance (PHIP). LIMRiCC is self-insured and the acronym should be reflected as SHIP. The acronym used does not affect the numbers and data presented in the audit. The board agreed there is no reason to reprint the audit. The correction to the SHIP acronym will be addressed in next year's audit. Mr. Kregor also recommended that the Board "accept" the annual audit report as opposed to "approving" the annual audit.

Motion: A motion was made by Jim Kregor and seconded by Carol Kidd to accept the 2019 Eder Casella Annual Audit.

Roll call: All board members present voted to accept the 2019 Eder Casella Annual Audit Report.

Ayes = 4
Nays = 0
Absent = 1

6. Action Item #3 – Approve Lauterbach & Amen contract.

The Lauterbach & Amen engagement letter for accounting and benefits management expired on 12/31/19. A contract for 2020, 2021 and 2022 for monthly accounting services was proposed at a cost of \$2,745, \$2,815 and \$2,885, respectively. The benefits management services were proposed at \$90,640, \$92,906 and \$95,694, respectively and billed annually. The contract can be terminated by either party with a 30 day written notice. A discussion by the Board was to have Lauterbach & Amen present a contract that outlines the terms and cost of their services. Lauterbach & Amen will present a contract at the March meeting.

Motion: A motion was made by Carolyn Coulter and seconded by Carol Kidd to approve contingent upon a full contract presentation by Lauterbach & Amen on 3/17/20. Lauterbach & Amen will continue to provide accounting and benefits management at the new 2020 rate.

Roll call: All Board Members present voted to approve the Lauterbach & Amen contract contingent on a full contract presentation on 3/17/20. Lauterbach & Amen will continue to provide accounting and benefits management at the new 2020 rate.

Ayes = 4
Nays = 0
Absent = 1

7. Discussion Item #1 – Business Services Account.

It was relayed by Mr. Wes Levy that the Business Services fund does not generate enough revenue to offset the expenses. As of 6/30/19 the account had a balance of \$81,000 leaving it with less than 1 - 2 years from depleting the account. In 2019, the account ran at a deficit of approximately \$26,000 and it appears to be the same for 2020 and 2021. The question becomes, does the Board want to isolate the administrative cost in a separate business services fund or separate and allocate administrative expenses within each fund as a cost of administration of unemployment and health insurance? Most likely it would be a 75% and 25% allocation for health and unemployment, respectively. If no change is made, then LIMRiCC would need to budget for transfers of money for the difference between unemployment and health insurance funds with the objective of keeping the business services account at a \$0.00 fund balance. The Board felt it was in LIMRiCC's best interest to retain the Business Services Account in an effort to be transparent and visually break down the administrative cost.

8. Discussion Item #2 – Assurance: Financial and other updates.

\$750 PPO loss ratio is running at 106% and Rx at 27.99% of claims paid. \$1500 PPO loss ratio is at 150% while Rx is at 22.01%. The HDHP PPO loss ratio is at 121% and Rx at 26.47%. All PPO's combined are at a loss ratio of 129% and Rx at 24.48%. Specialty Rx was unusually high at 46.50% of total Rx claims paid. HMO loss ratio is at 112% and Rx at 51.04%. Specialty Rx at 64.10% of total Rx claims paid. There are 20 PPO large claims and

1 HMO large claims. The year ended with an overall loss ratio of 112% after the stop loss reimbursement. Rx was 27.97%.

BlueCross/Blue Shield has updated their cooperative guidelines.

- a. If currently in another cooperative for at least the past 2 years, then they are eligible to join LIMRiCC immediately regardless of the group size.
- b. If not currently in a cooperative and have 101 or more enrolled employees for a minimum of 6 months, they can join LIMRiCC immediately.
- c. If not currently in a cooperative but have 51-100 enrolled employees, they are eligible to join LIMRiCC if they have LIMRiCC Cooperative Producer (Assurance) own their Broker of Record for at least 18 consecutive months.
- d. If not currently in a cooperative and have under 51 enrolled employees, they are not eligible to join LIMRiCC.

Per Ms. Maryann Mileto, there have been inquiries from WIN members as to whether LIMRiCC and WIN will ever combine their co-ops. Both co-ops have their medical plans with BCBS and the plans are comparable. WIN would like to offer an HMO plan to their members. Previously when the combination was considered, WIN was smaller and had higher claims. It would have costed LIMRiCC members approximately 2% more in premiums. That is no longer true for WIN. LIMRiCC now being self-insured has more control. The cons of merging the two co-ops is that there would be 2 different boards and different philosophies on running the cooperative. It would be easier if one of the co-ops took over the other with their Intergovernmental Agreement and By-Laws. The first step to see if this would be a beneficial merge would be to have BCBS quote the group combined.

Looking ahead at the 2021 benefits renewal, Healthlink is a vendor network within Illinois that Assurance has considered. There would be no disruption in service with Healthlink with utilization at 75% in network with 25% out of network. Assurance reviewed their claim breakdown and their out of network claims. The total came in just under 1M, not making them a good option for LIMRiCC.

Another option would be to offer a Blue Choice Options PPO. The plan has 3 Tiers of coverage. Tier 1 is in network and smaller than what LIMRiCC currently offers. Tier 2 would be the bigger teaching hospitals. Tier 3 would be out of network. The deductible paid for a tier would apply towards the deductible of a higher tier. Some larger hospitals have joined the Tier 1 group such as Advocate, Northwestern, Adventist and Silver Cross. Assurance has seen a 3-5% savings in offering this type of plan. A disruption report shows that 85% of employees are already using Tier 1 networks. Tier coverage can be applied to all of LIMRiCC's existing PPO plans.

Assurance will be requesting an HMO Blue Advantage disruption report. HMO Illinois only has 5 facilities south near the Indiana border. The intention is not to take away doctors. LIMRiCC may be able to save money in keeping BCBS but making some internal changes.

9. Discussion Item #3 – Lauterbach & Amen: Updates.

LIMRiCC continues to have member libraries that have not enrolled their eligible part time staff in basic life insurance. Lisle Public Library had 6 employees that were eligible but never enrolled. Per Unicare's policy, in order to enroll an employee that was eligible but never enrolled, LIMRiCC must bill them from the time of their eligibility.

There were 2 libraries delinquent in submitting their 3rd Quarter UCGA reports. As a result, a late fee was incurred.

A potential Spring Meeting for LIMRiCC members will be discussed during the March board meeting based on Assurance's renewal projection.

10. Business

No new business.

11. Closed Session (if required).

No closed session.

12. Next Board Meeting and location is scheduled for Tuesday, March 17, 2020 1:00 PM at RAILS located at 125 Tower Drive, Burr Ridge, IL 60527.

Post meeting note: The board meeting previously scheduled for Tuesday, March 17, 2020 has been rescheduled to Wednesday, March 18, 2020 at 1:00 PM.

13. Adjournment

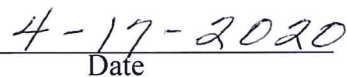
A motion was made by Carol Kidd to adjourn the meeting at 2:23 PM and seconded by Jim Kregor

The meeting adjourned at 2:23 PM.

Minutes prepared by Margie Tannehill, Benefits Manager.

Approved


Carol Kidd, Secretary


Date