

NOTICE OF BOARD OF DIRECTORS MEETING
LIMRiCC
Meeting Minutes Tuesday, April 21, 2020
via Videoconference in accordance with Section 5 of Governor Pritzker's Executive
Order 2020-18 (COVID-19 Executive Order No. 16)

1. Call to Order & Roll Call Jennie Mills called the meeting to order at 1:05 PM

PRESENT: Jennie Mills, Director of Shorewood-Troy Public Library/LIMRiCC President; Kevin Davis, Administrator of the Messenger Public Library/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.

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, Scott Remmenga and Ashton Wagner.

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 January 21, 2020.
- c. Ratification of payments made from January 22 – February 18, 2020 (Exhibit B.1 – B.3)
Business Services \$10,049.16, PHIP \$792,576.81 and UCGA \$83,981.91.
- d. Ratification of payments made from February 20 – March 18, 2020 (Exhibit B.1 – B.2)
Business Services \$10,298.33 PHIP \$463,822.96.
- e. Approval of the payment of bills for March 19 – April 21, 2020 (Exhibit B.1 – B.2)
Business Services \$11,415.68 PHIP \$671,073.37.
- f. Approval of Balance Sheet and Detail of Expenditures for January, February and March 2020 (Exhibit C.1 – C.6).

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

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

Ayes = 5
Nays = 0
Absent = 0

4. Action Item #1 – Approve the Lauterbach & Amen, LLP contract for accounting and benefits services.

A discussion of the Lauterbach & Amen contract for accounting and benefits services was continued from the January 21st, 2020 board meeting following a request from the Board for a written scope of services. Mr. Levy presented the scope of services and full contract. The contract extends the current services provided by L&A for calendar years 2020, 2021 and 2022. The monthly accounting was presented at a cost of \$2,745, \$2,815 and \$2,885, respectively, and billed monthly. The benefits management service was presented at an annual cost of \$90,640, \$92,906 and \$95,694, respectively. The contract can be terminated by either party with a 30-day written notice.

Motion: A motion was made by Carolyn Coulter and seconded by Jim Kregor to approve a 3-year contract for Lauterbach & Amen, LLP extending to 2020, 2021 and 2022 for monthly accounting services in the amount of \$2,745, \$2,815 and \$2,885, respectively and benefits management at an annual cost of \$90,640, \$92,906 and \$95,694, respectively.

Roll call: All board members present voted to approve a 3-year contract from Lauterbach & Amen, LLP for monthly accounting and benefits management services for 2020, 2021 and 2022.

Ayes = 5
Nays = 0
Absent = 0

5. Action Item #2 – Approve the UCGA Unemployment Rates for 2020.

The new 2020 unemployment rates were sent to members on 3/24/20 via email. The rates were determined by the member's three years of prior experience. The Intergovernmental Agreement (IA) does not cap the increase of the unemployment rate. The IA does note that the Board may decide to increase the rate from 2% to a maximum of 5% for member libraries with large deficit balances based on claims paid. LIMRiCC follows the state in terms of taxable wages. The taxable wage decreased from \$12,960 to \$12,740 in 2020. As of today, LIMRiCC has 47 new unemployment claims. There is no immediate impact to member libraries for an increase in rates for 2020. The increase would be realized in 2021 and the two years that follow based on unemployment claims paid out.

Motion: A motion was made by Jim Kregor and seconded by Kevin Davis to accept the 2020 UCGA Unemployment Rates.

Roll call: All board members present voted to accept the 2020 UCGA Unemployment Rates.

Ayes = 5
Nays = 0
Absent = 0

6. Action/Ratify Item #3 – Approve the COVID-19 Testing for PPO plans.

On March 13th, 2020, due to the COVID-19 pandemic, an immediate response from the Board was necessary to opt-in to have BCBS cover the cost of the COVID-19 test for LIMRiCC's self-insured PPO members. The board agreed via email that LIMRiCC would opt-in to cover the COVID-19 test for PPO members. The cost for the test itself is less than \$200.00. The cost for an office visit and any other related cost with a COVID-19 diagnosis is separate and coverage would be based on the PPO plan. The estimate on the impact of claims for individuals testing positive with COVID-19, is between .8% - 2%. Claims would be impacted by those individuals that need medical treatment. The HMO plan is fully insured and covers the cost of the COVID-19 test.

Motion: A motion was made by Carol Kidd and seconded by Carolyn Coulter to approve covering the cost for COVID-19 testing for LIMRiCC's BCBS PPO participants.

Roll call: All board members present approved to cover the cost for COVID-19 testing for BCBS PPO participants.

Ayes = 5
Nays = 0
Absent = 0

7. Discussion Item #1 – Assurance: Financial and other updates.

Ashton Wagner is a new Account Manager at Assurance and will help serve LIMRiCC.

Summary plan documents were updated and posted on LIMRiCC's new benefits website. The \$750 PPO loss ratio is at 79% of claims paid through March. \$1500 PPO loss ratio is 111% while the HDHP/HSA loss ratio is 85%. All PPO's combined are at a loss ratio of 96%. Specialty RX is 47.90% of total Rx claims paid. The HMO loss ratio is running at 82%. Specialty Rx is 46.40% of total Rx claims paid. There are 3 PPO large claims that are over \$50,000. The large claims paid a total of \$166,007 and are 11.87% of the Total Paid Claims YTD. Overall loss ratio is at 94% and Rx at 32.32% of claims paid. Claims were lower in February due to the COVID-19 epidemic and cancelled doctor appointments and elective surgeries.

Looking at renewal projections for 2021, BCBS will review large claims data looking at the period of 6/1/18 – 5/20/20 to project renewal rates and weighing heavily on the last 12 months. HMO is doing well and it is estimated to be a mid-single digit renewal. The HMO loss ratio was at 112% the previous year and 82% this year. The PPO is experiencing a very high loss ratio. The first 3 months of this year were just under 100%. Last year was 129%. The claims during the period of June - December 2019 were over a 100% loss ratio each month with September spiking at 554%. There are 3 large ongoing claims that have paid out 1.4M. It is expected that the stop loss amount will increase and is projected at 20%. The aggregate stop loss will increase 2% as well as administration cost at 2%. BCBS rebates will offset the admin cost by 1 - 2 %. The fixed cost will increase just under \$200,000. The large increase will be in claims. The renewal for PPO appears to be at 24–26%. Savings of about 5–8% could be found by including the Blue Choice Option (3-tiered network) for the 750 PPO, 1500 PPO and the HDHP. Assurance will go out to market to Aetna and United Healthcare. Health Link had a 75% network match, so this option would not work well for our members. LIMRiCC has built a reserve of 4-6% over expected. The renewal could look more like 20% if large claims come down and rebates increase. Additionally, if implementing plan changes coupled with LIMRiCC's reserve, the increase to PPO could look more like 12-14%. It is suggested that members use 20% for budgeting purposes.

LIMRiCC's contract terms with BCBS for any furloughed employees during the COVID-19 period includes an Extension of Benefits due to Temporary Layoff (Furlough), Leave of Absence, or Disability are 1st day of the month following 60 days. As an example: If employees were furloughed starting 5/1 (or prior in April) then there would be no change in status. The ee would remain Active with BCBS through 6/30. If the furlough continues, the employee would need to be terminated and sent COBRA paperwork to be effective 7/1. Employees returning to work after a furlough would be reinstated in benefits immediately, regardless of their return to work date.

8. Discussion Item #2 – Review of Preliminary Fiscal 2021 Budget.

The Business Services fund is status quo and flat with roughly a 2 % increase on the expense side. The fund will operate in a deficit of \$33,400 in 2021.

In March, the UCGA fund was originally budgeted without the realization of the impact of COVID-19. The revised version has adjustments for unemployment on both the revenue and expense side. Mr. Levy is estimating receipts from members to be up in FY 2021 based on rate increases. The revised budget reflects an increase of 30%. On the expense side it is anticipated that unemployment claims will increase. The unemployment claim figure reflects an increase of 129% to capture a what-if scenario. The UCGA fund has just under 1M in reserves. The dividends expense was taken out of the budget as it is anticipated that there will not be more than 1M in cash reserves resulting in no payout to members.

The PHIP fund has been trending over budget for FY 2020. The potential increase in medical premiums of 20% equates to revenue for LIMRiCC. The budget presented will need to be increased for the PHIP fund currently reflected at 6%. The expense side for health insurance

has an increase for budgeted claims at 15%. Actual health insurance claims in 2018 were at 6.2%, in 2019 6.8% and 2020 7.5%. Dental, Vision and Life remain status quo. The PHIP reserve has over 5M in cash. Mr. Kregor suggested to increase the revenue side based on trend.

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

An option for ACH payment has been set up for PHIP members. The new payment method will go into effect with May billing. At this time ACH is not available to UCGA members. Lauterbach & Amen is looking at the ability for members to upload quarterly reports via LIMRiCC's website.

UCGA Dividend checks were mailed to members in February 2020.

Requests have been made to Madison Consulting for UCGA Actuarial Valuation, Wakely Consulting for PHIP Actuarial Valuation and Eder Casela for the FY20 Annual Audit.

Information via email has been shared with PHIP members regarding COVID-19 from BCBS and ComPsych including webinars, flyers, FAQ's.

There is No Call for Candidates this year since LIMRiCC increased the tenure of board members to 4 years. The next election will be in 2022 for the seats of Kevin Davis and Jim Kregor. Mr. Kregor noted that he will be retiring at the end of 2021. At that time, the Board would appoint a member to fill the seat.

10. Business

No new business.

11. Closed Session (if required).

No closed session.

12. Next Board Meeting and location is scheduled for Tuesday, June 16, at 1:00 PM at RAILS located at 125 Tower Drive, Burr Ridge, IL 60527 unless otherwise noted.

13. Adjournment

A motion was made by Carol Kidd to adjourn the meeting at 2:07 PM and seconded by Jim Kregor.

The meeting adjourned at 2:07 PM.

Minutes prepared by Margie Tannehill, Benefits Manager.

Approved

Carol Kidd 6-18-2020
Carol Kidd, Secretary Date